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In Surprise, Thai King Reappoints An Ex-Leader

Anand, Prime Minister Again, Vows Elections In Temporary Tenure

By William Branigan

BANGKOK — King Bhumibol Adulyadej announced Wednesday that he was recalling a respected former prime minister, Anand Panyarachun, to take up the post again.

The surprise move was aimed at resolving Thailand's political crisis and averting new violence.

Mr. Anand, 59, a former diplomat and businessman, announced that he would form a neutral government of nonpoliticians, dissolve parliament and call elections within four months.

"My priority is to organize new elections," he said.

The recalled leader said he would dissolve parliament in two or three weeks and move quickly to repair the damage that the political crisis has done to Thailand's formerly booming economy.

His appointment was greeted with relief by members of the opposition pro-democracy movement and the public at large.

Thailand has been without a prime minister or an effective government since May 24, when the former armed forces chief, General Suchinda Kraprayoon, resigned as prime minister, taking responsibility for the military's violent suppression of pro-democracy protests.

Fears of a new round of demonstrations and a violent military response to them had been rising because of the expected nomination of Somborn Rahong, a former officer backed by the military.

Mr. Somborn, a retired air chief marshal and a political leader in Thailand's six-party governing coalition, announced earlier in the day that he had received royal approval to become prime minister.

A party to celebrate the appointment was being prepared at his house when state television broadcast a royal ceremony in which the king formally named Mr. Anand, acting on recommendation of the speaker of parliament, Arthit Uthairat, a member of the government coalition.

The choice of Mr. Anand came despite the passage by parliament hours earlier of constitutional amendments designed to reduce the military's role in politics.

One amendment stipulated that the prime minister must be an elected member of parliament, a provision that would exclude Mr. Anand since he did not run in Thailand's March 22 elections.

However, the amendments do not take effect until signed by the king and published in the Royal Gazette. Thus, Mr. Anand was appointed under the existing 1991 constitution and has full powers.

Mr. Anand, a former ambassador to Washington, was installed as an interim prime minister.

See BANGKOK, Page 6



Protesters outside parliament in Bangkok displaying photographs of people killed in the military crackdown last month.

Libyan Press Assails Gadhafi Amid Rumors Of a Swerve in Policy

By Chris Hedges

TRIPOLI — The Libyan leader, Colonel Moammar Gadhafi, isolated by United Nations sanctions, has come under extraordinary criticism in the state-controlled press in what may presage a major change in the country's foreign and domestic policy.

The official press condemned his call for Arab unity as a "mirage" and proposed reconciliation with the West.

Analysts and Western diplomats in Tripoli suggested that Colonel Gadhafi, who has ruled Libya for nearly 25 years, had himself engineered the criticism to pave the way for radical policy changes.

Despite the harsh wording of the editorials, Libyan officials and Western diplomats said they believed that Colonel Gadhafi had approved the statement.

"Everything has been one thousand percent organized by Colonel Gadhafi," a senior Western diplomat said. "He is using the demystification of Arab unity as a way to justify eventual changes."

No analysts appeared to believe that the criticism foretold the overthrow of Colonel Gadhafi.

The UN Security Council imposed the sanctions April 15 in an attempt to force Libya to surrender two suspects in the bombing of a Pan American World Airways 747 jumbo jet, Flight 103, over Lockerbie, Scotland, on Dec. 21, 1988, killing 270 people. Libya also failed to cooperate in the investigation of the bombing on Sept. 19, 1989, of French UTA DC-10. The two bombings killed a total of 441 people.

Diplomats predicted that the attacks would be used in the context of announcing an about-face in the government's domestic policy and perhaps to begin to edge toward compliance with the demands of the Security Council.

One of the editorials in the weekly newspaper Jamahiriya, suggested that Colonel Gadhafi could gain more by cooperating with the West rather than struggling for Arab unity.

"We say to you, you are free," the editorial said. "Go alone to your Arabism and your Islamic links. As for us, we have America. It is

much better for us to cooperate with America than with all the Arabs because we have realized that our own interests are above all else."

The imposition of sanctions cost Libya its air links, forced reduction of diplomatic staff abroad and caused suspension of all military purchases.

"The language is very explicit," a senior European diplomat said. "It is amazing, especially for the normal Libyan. I have never seen this kind of language."

The Libyans had adopted a defiant stance before and after the sanctions, assailing the United States and accusing Arab leaders who urged compliance of "betrayal."

The two editorials, and a statement by the official press agency JANA, have openly questioned the revolutionary agenda of Colonel Gadhafi, which calls for Arab unity against the West, and declared the country's international isolation.

The article first appeared on the back page of Al Jamahiriya on Tuesday and was reprinted on the front page of the country's only daily, The New Dawn, on Wednesday. It accused Colonel Gadhafi of "following a mirage."

"We will not follow the mirage with you this time," the editorial said. "If this is your Arabism, then follow it alone. Go wherever you wish, but none of us will follow you. We know now what is in our interest."

"The real revolution is the one we are proclaiming, which presents reality as it is, without embellishments," the editorial continued. "This revolution will sweep away all the cant of the past. You must face reality, realize that there is no Arab unity and that our interests are above all other interests, even if they lie with the Jews themselves."

It went on to criticize management of the country's central economy, which has left store shelves bare or filled with "shoddy" goods. The economic sacrifices were made, the editorial said, so that Libya could support other Arab countries and liberation groups.

In a second editorial in Al Jamahiriya on Wednesday, the paper said that because the Arabs failed to realize the sacrifices Libyans

See LIBYA, Page 5

On Armenia Border, an Ageless Conflict Plays Out Latest Chapter

By Margaret Shapiro

YERASK, Armenia — In a dusty mountain bunker littered with spent cartridges and opened food cans, a housewife, a soccer player and a professional soldier, in battle fatigues and carrying guns, froze as gunshots erupted nearby and then faded away.

"I'm not afraid of dying," said Jemma Ovanissian, 45, after peering carefully through an opening in the fortification toward an armed enemy Azerbaijani encampment a few hundred yards away. "So many good people have died here already. More will no doubt die."

For hundreds of years, as empires and dynasties rose and fell, people have lived and fought amid these hills on the Armenia-Nakhichevan border, within sight of biblical Mount Ararat.

Now, with the Soviet empire gone, this has again become an armed camp, washed in bad blood stretching back generations. It is a conflict that threatens to embroil the competitive powers around it — Turkey, Iran and Russia.

Recently, Marshal Yevgeni Shaposhnikov warned in Moscow that the fighting in this swath of mountains along the southern flank of what was once the Soviet Union could lead to "World War III."

This, in effect, was a warning to Turkey to keep its distance.

In a time of shifting boundaries, newly resurgent nationalities and age-old animosities, such warnings are taken seriously.

Christian Armenia and Muslim Azerbaijan, suspicious neighbors forced to live together during most of Soviet rule, are now independent countries at war. They have numerous territorial and ethnic scores to settle.

Place names like Nakhichevan and Nagorno-Karabakh and Shusha have become battle cries, with hundreds dead on both sides and thousands of refugees.

The present round of violence began about four years ago, when the leadership of Nagorno-Karabakh, a mostly Armenian enclave in

Azerbaijan, declared that it wanted to unite with its religious and ethnic brethren in Armenia.

Azerbaijan declared the demand invalid and imposed a blockade of food and other supplies. Refugees from both sides, fearing violence, fled across the borders.

It has been war, more or less, ever since, with entire towns in Nagorno-Karabakh and all efforts at mediation destroyed.

Yerevan, the capital of Armenia, is dependent on the goodwill of Azerbaijan for most of its fuel, has become a city under siege.

A rail blockade by Azerbaijan has left it with

no hot water or heat, infrequent electricity and sometimes not even running cold water.

Industrial production has all but stopped. The streets are filled with young men in battle uniform.

In Baku, Azerbaijan's capital, the political landscape has been ravaged by coups and counter-coups staged by rifle-toting irregulars enraged by Azerbaijan's recent poor military showing against Armenians. Last month, the Armenian forces drove the last Azerbaijani troops out of Nagorno-Karabakh and took control of a road linking Karabakh to Armenia.

On Sunday, Azerbaijan voted for a new president.

Swedes, at Home, Play the French To 1-1 Draw in Soccer Opener

Basile Boli of France, left, and Tomas Brofin of Sweden take to the air in the first match of the European Championship on Wednesday in Stockholm. The teams drew, 1-1. Page 16.



Lead Column/The Associated Press

Life Downstairs in Sarajevo

By John F. Burns

SARAJEVO, Bosnia-Herzegovina — Above ground, Sarajevo is almost a ghost city, with a few crouching figures running in short bursts between buildings, dodging shells and snipers.

Below ground, at thousands of places like No. 2 Vase Palagica Street in the city's old Muslim quarter, the city has gathered anew.

"Welcome to Sarajevo," said Muhamed Hafizovic, 65, a retired thermal plant engineer, rising from his chair at a makeshift card table

down a flight of narrow stairs from the lobby.

Motioning about him at some of the 100 people packed into four small rooms, he added: "We're living here as a family. This is a small Sarajevo, and a small Bosnia, too."

Shells have completely blown away the top floor of the seven-story apartment block, about a mile from some of the most powerful artillery and mortars. But in the

basement the mood was anything but doleful.

Cards were on the table. Glasses were filled with slivovitz, a brandy that is the nectar of Balkan life.

There were words of contempt for the Serbian gunners and their political masters. Sarajevans have long thought of themselves as sophisticated city-dwellers, and many a retort of slivovitz has been downed to denunciations of the gunners as uneducated brutes.

In the basement, there was also

See BOSNIA, Page 2

Perot's 'Civil War' Drug Plan

By Michael Isikoff

DALLAS — When policemen complained a few years ago that they were not properly equipped to fight Dallas's burgeoning drug trade, a prominent local citizen, Ross Perot, offered a solution: Bring in helicopters with special infrared detectors that could swoop down over residential neighbor-

hoods and identify houses harboring narcotics.

When the officers questioned whether such tactics would be constitutional, Mr. Perot had a quick rejoinder: "He suggested that maybe a civil war needs to be declared," said Monica Smith, president of the Texas Police Association.

Ever since he was first appointed by Governor Bill Clements to be chairman of the Texas War on

Drugs Committee 13 years ago, Mr. Perot has been among this state's most outspoken champions of aggressive and sometimes unorthodox law enforcement.

He spearheaded a campaign to dramatically stiffen the state's laws against drug crimes in the early 1980s, offered to help the U.S. Customs Service by financing private

See PEROT, Page 6

Kiosk section containing market news, Dow Jones index, and crossword puzzle.

New Lessons for Old Schools Desperate for Ideas and Funds

To Balance Its Books, Penn State Taps Pepsi

By Anthony DePalma

NEW YORK — For less than a dollar — the price of a can of Pepsi Cola — nearly 70,000 students at 21 of Penn State University's campuses will soon be able to get a quick lesson in economics, social policy, ethics and marketing.

Oh, and English, too.

Uh Huh!

Any time they try to slake their thirsts at a soda machine or in a campus cafeteria, Penn State students will find Pepsi, Mountain Dew and Slice, but not a Coca-Cola anywhere, because of an unusual \$14 million, 10-year contract that makes Pepsi-Cola the official beverage of Penn State.

Pepsi has received exclusive rights to stock its products in all soda vending machines, supply all soda fountains, advertise exclusively on the giant scoreboard at the 94,000-seat Beaver Stadium and to plaster its new slogan "You Got the Right One Baby! Uh Huh!" in corners of the 21 campuses where it is likely to make professors of English grime.

University officials see the deal as a creative solution in these penny-pinching days when most major universities are scrambling to find new money. Pepsi's contract will provide at least \$8 million that Penn State did not have before from existing contracts, to spend on scholarships and buildings.

While most universities sign contracts with major suppliers, the Penn State deal is unusual in its comprehensiveness and exclusivity. But many people find the commercial arrangement, well, distasteful.

"My initial reaction was, 'I like Coke,'" said Michael Barton, an associate professor of social science and American studies. "That was my gut feeling, but the more I thought about it the more I realized that if Pepsi's arrived, can McDonald's be far behind?"

Outsiders Take Over Baltimore Classrooms

By Paul W. Valentine

BALTIMORE — In an effort to improve student performance, Baltimore school officials have announced a tentative agreement to turn over control of nine public schools to a Minneapolis company next fall. The unusual public-private pact is expected to be approved by the school board and teachers union in time for the 1992-93 school year.

The new arrangement would feature loosely structured "open classrooms," individually tailored study requirements with parental involvement and pupil participation in daily planning.

Walter G. Amprey, Baltimore's new superintendent of schools, called the agreement "very momentous"

and said it was only part of the overhaul he envisions for the 110,000-student, 159-school system, which, like other inner-city school systems, is plagued with low academic achievement, high truancy and dropout rates and violence.

School officials said the project would cost about \$26.1 million — the same as the city now spends on the eight elementary schools and one middle school selected for the experiment. The schools have a total of 5,100 students.

The new system, devised by Education Alternatives and called "Tesseract," has been put into practice in three other U.S. schools.

Mae E. Gaskins, an Education Alternatives vice president, said Tesseract classrooms would look different from those of a more traditional school. Instead of students sitting in rows of desks facing a single teacher, students would work in small informal groups with two teachers — a "master teacher" assisted by an "associate teacher" — mingling with the pupils.

The classroom "will no longer have a sage on the stage," she said, "but a guide on the side."

Israelis and Arabs Fear an Outburst In Besieged Gaza

By Clyde Haberman
New York Times Service

GAZA — Standing behind rolls of barbed wire at the army checkpoint separating the Gaza Strip from Israel, Nasser Ali was angry.

He had been there for hours, waiting in vain for his Israeli employer to show up with his back pay. What he really wanted was to return to his job at an Israeli construction site.

But with overcrowded Gaza and its 750,000 residents essentially sealed off for another day, there was nothing to do beside the barbed wire but stand among dozens of Palestinians in similar predicaments and curse.

"It's collective punishment to put pressure on the people," Mr. Ali said. "What kind of a democratic country punishes all the people because one of them killed a girl?"

The girl in question was Helena Rapp, an Israeli who was stabbed in May on a street near Tel Aviv by a Gaza Palestinian. Since then, a volatile mix of Israeli anger, concern about security and this summer's election politics has led to the sealing of Gaza by the army.

Except for 45 days during the Gulf War last year, the impoverished strip has not been kept closed for this long in anyone's memory.

As household incomes and savings shrink because almost no one can get to their jobs in Israel, tempers have risen. So has concern about the next time.

"I expect an explosion if it continues like this," said Raseem Bayari, chairman of the Palestinian Workers' Trade Union of Gaza. He picked up a tissue box from his desk. "You see this little box?" he said. "This is Gaza, and if you squeeze everyone into that box, it will break down."

Some Israelis agree, including Yitzhak Segev, an army reserve general who was military commander of Gaza a decade ago. "There is no doubt," he said in the Tuesday editions of the Tel Aviv daily Ha'aretz, "that a drawn-out closing of the strip will turn it into a drum of explosives."

On the streets of Gaza, people are convinced that they are victims of Israel's national election set for June 23. They believe the government party has settled on a prolonged closing out of fear of a voter backlash if another Israeli was killed by a Gaza Palestinian.

Some of their Israeli employers are also frustrated. Dozens of them descended on the Gaza checkpoint on Tuesday, blocking the main road and honking their car horns.

The 30,000 to 40,000 Palestinians who normally leave Gaza each day are an integral part of the work force in Israel, where they each earn an average of \$25 a day and do unskilled work shunned by most Israelis, including new arrivals from the former Soviet Union though they suffer from 40 percent unemployment.

With tensions increasing, the government has moved to ease some restrictions. This week, Gazans were allowed into Israel if they were over 28 and worked at job sites with at least 10 employees. But that change affected only a few hundred people each day.

On Tuesday night, the Defense Ministry announced that it would lower the age threshold to 25 and drop the 10-employee rule, starting Wednesday. In a strip of land where 55 percent of the population is under the age of 16, that will still leave many people without work.

The United Nations has protested the prolonged closing, and its Relief and Works Agency has distributed 110-pound bags of flour to 16,000 families in four central refugee districts. "Any situation like this is going to add to existing hardships," said Claire Grimes, an agency spokeswoman. "The question is, What is the breaking point?"

Prime Minister Yitzhak Shamir acknowledged at a parliamentary committee in Jerusalem that shutting Gaza tight was "undesirable."

His defense minister, Moshe Arens, is reported to be opposed to the closing, both because of pressure-cooker worries and because it would strengthen opposition claims that Gaza is not really Israeli territory.

In fact, the entire Palestinian question is so politically delicate right now that the government has prevailed on Israel's Supreme Court to postpone until June 24, the day after the election, the hearing it had scheduled for this week on deportation of 11 Palestinians from Gaza and the West Bank.

It is widely assumed on the sandy streets of Gaza's towns and refugee districts that, eventually, the lid will be removed again but that some restrictions will remain on the flow of workers into Israel. That happened after the Palestinian uprising broke out in 1987, and again after the Gulf War.

Each time, dwindling numbers of Gazans were allowed past the checkpoint.



Old and young joining in a Belgrade demonstration calling for the resignation of Serbian leadership.

BOSNIA: Downstairs, Life Goes On in Sarajevo

(Continued from page 1)

considerable bitterness toward the U.S. government for failing to heed Sarajevo's anguished cries for American military intervention. One man, an economist, was vengeful after he heard a radio news broadcast reporting the White House's latest insistence that there will be no dispatch of American troops.

Otherwise, on Pelagica Street, and everywhere else that Sarajevo has become what they refer to as mice, people were not so much complaining as enduring, not weeping so much as laughing at the hard fate that has dealt them.

But to outsiders much of what is happening here seems to carry a more universal message, one rooted in Sarajevo's own idea of itself as a place where the tides of history have thrown together cultures and religions in a way that profits all.

In this, there is a special defiance, since the Serbian nationalist leaders who command the hillside guns have set out to partition Bosnia-Herzegovina and to create what they call "ethnically cleansed

territories," in which there are few, or none, of the republic's other ethnic groups to disturb Serbian domination. Jews have compared what they are undergoing here to the Holocaust. Mr. Papo, whose father, mother, and sister were killed by the Nazis and their Croatian Ustaše collaborators, was asked if he was not uneasy with the comparison between Nazi pogroms and Serbian attacks in Bosnia-Herzegovina that have killed a few thousand people. Bosnian estimates put the total for the republic at about 6,000, perhaps half of them in Sarajevo.

"No, not at all," he said, then pointed to the hills and added: "These people are fascists."

"They are too much nationalistic, these Serbs," he continued. "They are ready to kill everybody who is not of the same nation. They try to say that what is going on here is a war between Serbs and Muslims and Croats, but it is not true. It is a war between terrorist killers and ordinary people."

"Look at the people here. This gentleman is a Serb. So is this one. I am a Jew, he is a Croat and this lady here is a Muslim. So what is this nonsense about an ethnic war?"

Many Western experts regard Mr. Gaidar's presence in the government as a guarantee that the long, forced march toward a market-style economy will continue in Russia, despite inevitable setbacks. In what was widely seen as a political slight to Mr. Gaidar, Mr. Yeltsin last week postponed the freezing of energy prices and brought several members of the conservative industrial lobby into the cabinet.

Mr. Yeltsin said Wednesday that three new economics ministers headed by a newly deputy prime minister, Vladimir Shumeiko, had come out firmly in favor of economic reform.

"They said that they would under no circumstances permit any split in Gaidar's overall government team," he said.

At his meeting with military leaders, Mr. Yeltsin announced a further 80 percent pay increase for officers to allow them to keep pace with the rising cost of living.

Senators Urge U.S. To Attack The Serbs

By David Binder
New York Times Service

WASHINGTON — A growing number of Republican and Democratic senators are pressing the Bush administration to consider military intervention to end the siege of Sarajevo by Serbian forces.

Administration spokesmen were cool to the proposals. Last Thursday, Senator Carl M. Levin, Democrat of Michigan, submitted a resolution calling on President George Bush to request that the United Nations prepare a plan for military intervention to halt the fighting in Bosnia-Herzegovina.

At the same time, Senator Claiborne Pell, Democrat of Rhode Island, said in a Senate speech that the United States should consider specific military steps.

The Levin resolution, endorsed by Senators George J. Mitchell, Democrat of Maine, and Robert J. Dole, Republican of Kansas, is expected to be adopted on Thursday by the Senate Foreign Relations Committee, an official said.

Mr. Pell, chairman of the Foreign Relations Committee, said: "The United States should consider immediate military action to stop the killing now. The airspace over Bosnia-Herzegovina should be closed to aircraft of the rump Yugoslav federation."

Senator Joseph R. Biden Jr., Democrat of Delaware, is convening the committee's subcommittee on European affairs on Thursday to discuss his own draft resolution on "using military force to resolve the crisis" in Yugoslavia.

Speaking in anticipation of the Biden resolution, which he intends to endorse, Senator Richard G. Lugar, Republican of Indiana, said: "The time for drawing the line has come."

He urged that the United States plan together with its North Atlantic Treaty Organization allies for "a comprehensive use of force as thorough as that formulated for Iraq, sea and ground forces in Desert Storm" in the 1991 Gulf conflict.

Asked about Senator Lugar's remarks, Martin Fitzwater, the White House spokesman, said: "We believe that the UN is the right forum to do this and we are working with the UN and are part of their deliberations."

At the State Department, Margaret D. Tutwiler, the spokeswoman, said only: "We have an active interagency process that is looking at a number of ways where we can be supportive of United Nations efforts."

UN Team in Sarajevo
Earlier, Reuters and The Associated Press reported from the capital of Bosnia-Herzegovina: United Nations peacekeeping officers arrived in Sarajevo on Wednesday to evaluate ways to re-open its airport for emergency aid to starving civilians, but ethnic fighting raged on in the Bosnian capital.

The first of two UN convoys reached the city in late afternoon and the second was not far behind after a 12-hour, 300-kilometer (180-mile) journey from Belgrade through rugged country dotted with Serbian militia roadblocks, a UN spokeswoman said.

Sarajevo's remaining 300,000 residents are running out of food and medicine after a two-month siege by minority Serbs who revolted against a majority Muslim and Croatian vote to take the republic of Bosnia-Herzegovina out of the Yugoslav federation.

The UN peacekeeping team had the daunting task of persuading Serbian irregulars to relinquish the airport and arranging a trace around its perimeter to allow humanitarian flights to land safely.

"To open the airport in seven to 10 days would be a remarkable feat and require the full cooperation of all parties involved," said Shannon Boyd, a UN spokeswoman in Belgrade, capital of the rump Yugoslavia federation and its dominant republic of Serbia.

WORLD BRIEFS

POW Tells of Sexual Abuse in Iraq

WASHINGTON (AP) — The U.S. Army said Wednesday that a female officer was sexually assaulted after being captured during the Gulf War. The incident involved Major Rhonda Cornum, who was captured after her helicopter was shot down over Iraq. The matter came to light Monday during testimony before a presidential commission looking into the issue of women serving in combat-oriented jobs.

Marilla Cushman, an army spokeswoman, corroborated Major Cornum's testimony about the incident, which was reported by USA Today. According to the newspaper, Major Cornum told the panel that while a prisoner of war, she was "treated exactly the same" as males. But under direct questioning from a panel member, Elaine Donnelly, she acknowledged she was "violated manually, vaginally, and rectally." She went on to say that being treated in such a manner should be considered "an occupational hazard of going to war," the paper reported.

An army source, who spoke on condition of anonymity, said the incident involving Major Cornum did not take place while she was in an Iraqi prison, but would not say when it did happen.

Gun Violence Called U.S. Emergency

WASHINGTON (WP) — Gun violence in the United States has become a public health emergency, the Journal of the American Medical Association said Wednesday in an editorial advocating far-reaching gun control legislation.

The former surgeon general, C. Everett Koop, joined the AMA journal editor, George Lundberg, in calling for the restriction and monitoring of gun ownership in the same way that governments restrict drivers' licenses — a proposal far broader than the waiting-period legislation that has failed to pass Congress or win President George Bush's unqualified support.

The magazine devoted the issue to studies that Mr. Lundberg said "paint a grotesque picture of a society steeped in violence." The studies included topics such as how easy it is for high school students to acquire a handgun and a comparison of the rate of fatal shootings of black male teenagers in 80 urban counties. While the magazine is owned by the AMA, it is editorially independent. The AMA supports a waiting period for handgun purchases and restrictions on assault weapons, but has not endorsed Mr. Koop and Mr. Lundberg's proposal, a spokesman said.

Iran Hangs 4 as Riot Ringleaders

NICOSIA (Reuters) — Iran hanged four men on Wednesday for their role as ringleaders in the May 30 riots in the holy city of Meshed and warned that trouble-makers would be rooted out and discarded like weeds, Tehran radio said.

The Islamic revolutionary court in Meshed sentenced an unspecified number of people to long or short jail terms or flogging for rioting, and trials of others continued, it added. In Tehran, Ayatollah Ali Khamenei said the violence was carried out by "bullies and ruffians" who were "instigated by the clandestine, masked counterrevolution."

A spokesman for the Iraq-based opposition Mujahidin Khalq said the police had rounded up 3,000 of its sympathizers in Meshed, a city of 2 million people, since the riots. The group last week appealed to the UN secretary-general, Boutros Boutros Ghali, to stop what it termed a planned mass execution of its sympathizers.

Moscow Admits It Held U.S. POWs

WASHINGTON (Reuters) — U.S. officials have been told that some Americans held in the Soviet Union after World War II might have survived into the 1980s, a U.S. source said.

More than 23,000 Americans liberated from German prisoner of war camps in 1945 by the Soviet Army were taken to the Soviet Union, according to Moscow officials. Most were repatriated in 1945 and 1946, Russian officials investigating reports said in a statement issued with the United States.

Washington and Moscow set up a commission in March to investigate the fate of military personnel still missing from World War II, the Korean and Vietnam conflicts and various Cold War confrontations.

For the Record

At least 43 Ukrainian coal miners died after an explosion sent clouds of carbon monoxide gas through a pit at Krasnodon, near Ukraine's eastern border with Russia, officials said in Kiev on Wednesday. (Reuters)

TRAVEL UPDATE

In Urbino, Italy, a section of the 16th century ramparts enclosing the city center collapsed Wednesday, and local officials angrily blamed the Italian government for doing nothing to prevent the damage. Deputy Mayor Mario Fortini said the situation had evolved from "serious to dramatic." (Reuters)

Krasnoyarsk airport in Western Siberia canceled all flights Tuesday because it has no fuel and cannot afford to buy any, Russian television reported. (AFP)

China will have a record year for tourism in 1992, but inadequate air services and poor marketing overseas are preventing an even bigger boom, officials said Wednesday in Beijing. (AFP)

The presidential front-runner in the Philippines, General Fidel V. Ramos, said Wednesday that a museum housing the famous shoe collection of Imelda R. Marcos would remain open to the public once he was proclaimed president. The collection, in the Malacanang Palace, features 1,200 pairs of Mrs. Marcos's size 5½ shoes, a bulletproof bra and luxuries she acquired during her 20 years as Manila's first lady. (AFP)

Burkina Faso's airports were shut Wednesday when air-traffic controllers began a three-day strike, trade union sources said. (AFP)

The Weather

Forecast for Friday through Sunday
North America: Stratus will be plentiful Friday and Saturday with light rain or no rain from the Great Lakes to the North Atlantic coast. A few downy showers are likely in the Southeast. The West Coast will remain cool with a little rain in the northern regions.
Europe: A storm from the Atlantic Ocean will drift southward into Spain and Portugal over the weekend. Strong, gusty winds and heavy rain will slash the west coast of each of these countries. Paris through London will be breezy and mild with some sun.
Asia: Parly sunny and warm weather is slated from Seoul to Tokyo Friday. A period of showery weather is likely this weekend. The sea and Hong Kong will be steamy with a few showers. Tropical heat will persist in Singapore and Bangkok with a thunderstorm.

Region	City	Today	Tomorrow
North America	Albuquerque	57/75	61/77
	Albany	48/65	52/68
	Albuquerque	57/75	61/77
	Albuquerque	57/75	61/77
	Albuquerque	57/75	61/77
	Albuquerque	57/75	61/77
	Albuquerque	57/75	61/77
	Albuquerque	57/75	61/77
	Albuquerque	57/75	61/77
	Albuquerque	57/75	61/77
Europe	London	57/75	61/77
	Paris	57/75	61/77
	Rome	57/75	61/77
	Madrid	57/75	61/77
	Amsterdam	57/75	61/77
	Berlin	57/75	61/77
	Stockholm	57/75	61/77
	Copenhagen	57/75	61/77
	Helsinki	57/75	61/77
	Oslo	57/75	61/77
Asia	Tokyo	57/75	61/77
	Seoul	57/75	61/77
	Manila	57/75	61/77
	Hong Kong	57/75	61/77
	Singapore	57/75	61/77
	Bangkok	57/75	61/77
	Colombo	57/75	61/77
	Delhi	57/75	61/77
	Mumbai	57/75	61/77
	Calcutta	57/75	61/77

Echo From Past: Russia Decries U.S. Arms Stance

By Michael Dobbs
Washington Post Service

MOSCOW — President Boris N. Yeltsin said Wednesday that the United States was trying to gain a strategic advantage over Russia in negotiations on further deep reductions in the size of each country's nuclear arsenals.

The president's comments, which were made at a meeting with senior army officers in the Russian Defense Ministry, appeared designed in part to shore up support for his policies from the conservative military establishment. Later in the day, Mr. Yeltsin revealed that he was making a fresh attempt to secure a breakthrough toward a new arms-reduction agreement with the United States during his summit meeting with President George Bush in Washington next week.

"Russia continues to pursue the idea of strategic parity, while the American side is going along a somewhat different path," Mr. Yeltsin told the officers, explaining that the United States wanted to eliminate Russia's land-based nuclear missiles with multiple war-

heads but was reluctant to significantly reduce its own submarine-based nuclear strike force.

"If such a decision is adopted, the United States would be left in a more advantageous position," Mr. Yeltsin added.

Talks in Washington between Foreign Minister Andrei V. Kozirev and Secretary of State James A. Baker 3d on cutting overall force levels by at least half to 4,700 warheads apiece ended in deadlock Tuesday because of an inability to agree on the mix of weapons. Mr. Kozirev flew to Moscow on Tuesday, saying that a "political impetus" from both presidents was necessary to make the Washington summit meeting a success.

Speaking to his security council Wednesday evening, Mr. Yeltsin said he had sent a letter to Mr. Bush earlier in the day with the draft of an outline agreement on "the basic principles for cutting nuclear weapons" that could be signed in Washington. There was no immediate response from Washington.

A leading Russian arms control expert, Andrei Kortunov, was doubtful that Mr. Yeltsin would be prepared to make "radical conces-

sions" to Mr. Bush for the sake of a new arms control agreement going beyond the still unratified Strategic Arms Reduction Treaty. He noted that the president was under pressure from conservatives in the Russian parliament and had little to gain politically from such an agreement.

Mr. Yeltsin combined his words of reassurance to the military with a reiteration of his full support for his team of young economic reformers headed by Deputy Prime Minister Yegor T. Gaidar. Over the past two weeks, Russian newspapers have been full of reports that the Gaidar team is losing ground to a powerful lobby representing state-run industry and could be on its way out.

"I am convinced we now need to go further," Mr. Yeltsin said. "Any halt would simply be fatal for Russia," he added, shooting down speculation that the Gaidar team would submit its resignation following the Washington meeting.

At his meeting with military leaders, Mr. Yeltsin announced a further 80 percent pay increase for officers to allow them to keep pace with the rising cost of living.

Many Western experts regard Mr. Gaidar's presence in the government as a guarantee that the long, forced march toward a market-style economy will continue in Russia, despite inevitable setbacks. In what was widely seen as a political slight to Mr. Gaidar, Mr. Yeltsin last week postponed the freezing of energy prices and brought several members of the conservative industrial lobby into the cabinet.

Mr. Yeltsin said Wednesday that three new economics ministers headed by a newly deputy prime minister, Vladimir Shumeiko, had come out firmly in favor of economic reform.

"They said that they would under no circumstances permit any split in Gaidar's overall government team," he said.

At his meeting with military leaders, Mr. Yeltsin announced a further 80 percent pay increase for officers to allow them to keep pace with the rising cost of living.

Improved Emergency Training Urged for U.S. Flight Attendants

By Don Phillips
Washington Post Service

WASHINGTON — The National Transportation Safety Board has recommended improved safety training for airline flight attendants, saying some attendants had not performed proficiently during recent accidents investigated by the board.

The board's acting chairman, Susan Conaghan, said some attendants "performed counter to their training" in emergencies. The answer, she said, is that "they have to be so well trained that those activities will come naturally."

The Association of Flight Attendants agreed with the board's recommendations. Fred Casey, the association's national vice president, said flight attendants spent 60 percent of their training time on how to serve passengers and 40 percent on safety, and "we think the balance should be better for safety."

The board cited several incidents in which flight attendants did not follow proper procedures, including these:

• The ground collision on Dec. 3, 1990, between a Northwest Airlines 727 and a DC-9 at Detroit. The lead DC-9 flight attendant was not in her assigned jump seat and failed properly to deploy emergency slides.

• The crash on Feb. 1, 1991, in which a USAir 737 landed atop a smaller plane. Two flight attendants jumped from their seats before the plane stopped sliding and opened doors, contrary to

training. They were tossed about when the plane hit a building.

• The accident on Sept. 20, 1989, at La Guardia Airport in New York in which a USAir 737 overran a runway while trying a takeoff and broke into three pieces on a light station, partly submerging in a bay. Flight attendants had difficulty finding life preservers and deploying slides for flotation. They also urged passengers to swim away from the wing because of the danger of an "explosion," although explosions are rare in crashes.

The board said the Federal Aviation Administration had not given adequate guidance to its inspectors, who rule on airline requests of waivers from FAA training regulations. The board called for more specific guidance and a change in FAA rules to require more stringent training drills.

The board said flight attendants, during yearly training, should receive instruction on human performance during emergencies. That includes how they may react and how passengers are likely to react. In some recent accidents, flight attendants have been faced with aggressive passengers fighting to get to exits.

The FAA should also require "hands-on proficiency drills for each type of airplane exit and ensure that flight attendants are evaluated individually by an instructor and that a record is kept that they have performed and successfully completed each drill."

The board recommended that the FAA assign a cabin safety specialist to each major airline and place one in each FAA region, doubling current assignments.

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Allies' Independent Ways in Rio: A Diplomatic Challenge to a Beleaguered U.S.

By Paul Lewis
New York Times Service

RIO DE JANEIRO — As the Earth Summit enters its final phase, Europe and Japan are showing increasing independence from the United States on environmental issues, worsening American isolation and creating a diplomatic challenge for Washington.

President George Bush strained relations with industrialized countries and the Third World when he rejected detailed targets in a treaty to curb global warming and refused to join a pact to preserve plant and animal life.

The traditional northern allies are still trying to build bridges to the increasingly beleaguered American delegation because they realize that without Washington's participation, no agreements made here can be effective. But they are constrained by the fact that they see the problem differently.

They do not agree with Mr. Bush that the measures should be rejected or modified because they could threaten jobs. Unlike the administration, they see safeguarding the environment as an unavoidable challenge that will strengthen their industry in the long run, not as a new and sinister threat to their way of life.

"What we see emerging in the United States is something like 'ecologism' — fear of a new communism hidden behind ecology," Environment Minister Klaus Topfer of Germany said here.

That view may be extreme. But the lonely U.S. position at the Earth Summit does appear to be a departure from the recent course of post-Cold-War diplomacy.

While the United States has had little difficulty getting its way in other multilateral organizations, like the United Nations Security Council, since the Soviet Union broke up, it has forfeited its leadership role here, and neither Europe nor Japan are able to step in.

A powerful reason why some of the United States' closest allies do not share the administration's apprehension about the economic costs of cleaning up the world is that they expect to benefit from such a commitment.

Japanese and German industries in particular have led the development of "clean" technologies, and they hope the Earth Summit plan to endorse Agenda 21, a global cleanup proposal and to give Third World countries

money to pay for it will translate into fat orders for their companies.

"Of course there are short-term costs," said the European Community spokesman, Laurens Jan Brinkhorst.

"But in the end, energy efficiency is good for industry, not bad."

Dr. A.S. Kescanally, the environment minister of Mauritius, said: "It's difficult to see how America is protecting jobs by not signing a biodiversity convention that would allow its drug companies to experiment with our natural genetic resources."

Japan certainly appears to take the meeting more seriously than the United States, fielding a delegation of more than 100 officials compared with 45 American officials. But diplomats say it remains reluctant to give a clear lead that cuts across U.S. interests.

As the world's largest market, the European Community clearly has potential clout, but it often lacks unity of purpose. Despite economic difficulties caused by unification, Germany is often closer to the Scandinavian

Western diplomats generally see the roots of the Bush administration's grudging approach in the political pressure of a presidential election campaign, an economic recession and a high budget deficit.

"The United Nations must learn never to hold an international conference during an American election year," says Tommy T. B. Koh, the Singapore diplomat who heads the main negotiating committee.

The major U.S. initiative, an offer of \$150 million in bilateral aid to save Third World forests, backfired because most countries saw it as an attempt to distract attention from Mr. Bush's unpopular decisions. In an effort to change that impression, Britain and Germany want the U.S. offer accepted as a first contribution toward a new world agreement they eventually hope to negotiate on preserving forests.

The European Community and the Nordic countries also rejected as unnecessarily anti-American a plan suggested by the Netherlands, Switzerland and Austria for a joint statement criticizing the global-warming convention that Mr. Bush weakened and pledging to strengthen it.

Instead, the European Community adopted a uniform statement setting targets and timetables for reduction of carbon-dioxide emissions to 1990 levels by the end of the century — a position at odds with that of the United States.

But the 12 also offered the Bush administration a face-saving way of signing the convention on biodiversity by agreeing to make a statement setting out their own interpretation of contentious clauses. The White House has shown no interest in going along with it.

The Europeans, meanwhile, are increasing America's isolation by trying to persuade small island states as well as India, which will all face severe flooding if the climate warms, to back their call for tougher commitments on cutting warming gas emissions.

That sense of isolation may increase when heads of state and government start addressing the meeting at the end of the week. For Mr. Bush is unlikely to be able to pledge the Third World as much help with making its development environmentally sustainable as his counterparts from Europe and Japan.



William K. Reilly, left, the chief U.S. delegate at the Earth Summit, talking with Rafael Pavdam, center, and Carmelina Porato, right, Indians from the Ecuador's Amazon region during a tour of Global Forum, the nongovernmental organizations' meeting place in Rio.

Washington Opposes Third World Nations on Protection of Forests

Compiled by Our Staff From Dispatches
RIO DE JANEIRO — The United States and Third World nations clashed Wednesday over how to preserve forests as delegates put the finishing touches on pacts for environmental protection.

The delegates were working to complete documents for signing by more than 100 heads of state who will gather in Rio by Friday.

The documents include a non-binding Rio Declaration of broad environmental goals; conventions on climate control, protecting plant and animal species and forestry, and a blueprint for cleaning up the Earth.

The United States has been isolated from its allies and strongly criticized for opposing the biodiversity treaty and for its insistence on weakening the treaty on global warming.

many industries. "How do you keep people with empty stomachs away from the forests?"

Mr. Lim said Malaysia insists on forestry statement provisions that would commit developed nations to share biotechnology and provide development aid in return for protection of tropical forests.

Malaysia also wants a commitment to increase temperate forests — found mostly in developed nations — which it says are as effective in absorbing carbon dioxide as tropical forests.

"The forestry issue is the other side of the coin of the climate control treaty, which was weakened at U.S. insistence. Trees absorb carbon dioxide emissions, believed one of the main causes of global warming."

William K. Reilly, head of the U.S. delegation and chief of the Environmental Protection Agency, linked U.S. support for the Rio Declaration on a satisfactory statement of forest principles.

Both documents are nonbinding, but whatever moral force they might have would be undermined if the United States were to refuse to sign them.

However, the U.S. presidential spokesman, Martin Fitzwater, said Wednesday in Washington that the United States accepted the Rio Declaration even though it had sought some changes in its language.

A U.S. initiative to provide an additional \$150 million in aid to developing countries for forestry protection also has been blocked in

the wrangling over the forestry statement.

Mr. Reilly met privately Wednesday for 40 minutes with Mr. Lim. Afterwards, Mr. Lim implied the talks were fruitless.

The U.S. delegation "came with preconceived ideas and will have to review their position," Mr. Lim said. "Don't expect us to give away our right," he said, to use resources in order to sign a convention.

In the global warming treaty, targets to reduce carbon dioxide emissions to 1990 levels by 2000 were deleted under U.S. pressure. The treaty is to be signed this week.

But the 12-nation European Community has called for a meeting this fall to consider reintroduc-

ing those targets to the treaty. The Bush administration argues that establishing limits on carbon dioxide emissions could hurt the U.S. economy as it struggles out of recession. The United States leads the world in carbon dioxide emissions.

The United States refuses to sign the biodiversity treaty to protect animal and plant resources, arguing it would hurt U.S. businesses and cost jobs.

Mr. Bush was to leave Thursday for a brief visit to Panama before going to Rio for the meeting, which has cast him as the main obstacle to stronger treaties on global warming and biodiversity. In Washington, Mr. Fitzwater said that Mr. Bush would confront other leaders with

the "hard truths" that shape his view.

"It will be fairly aggressive remarks in which he sets out the hard truths about environmental protection that we believe should be pointed out," Mr. Fitzwater said, "particularly about the need for balance between environmental protection and economic growth."

White House officials have grown increasingly apprehensive about the meeting, fearing it may turn into a political ambush for the president, caught in a tight re-election campaign.

On another issue, negotiators agreed to a compromise text trimming the meeting's initial calls for major new funding. A copy of the

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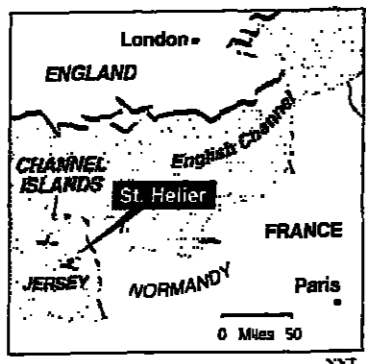
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The Jersey Rebellion: Channel Tax Haven Is Fed Up With 'Meddling' by London

By Alan Riding
New York Times Service

ST. HELIER, Jersey — The last time a good-sized crowd gathered in downtown St. Helier was on May 9, 1945, when people turned out in force to welcome British troops who were ending five years of German occupation of Jersey and the other Channel Islands off the Normandy coast.



When Sir John emerged, he was bombarded with cries of 'Get back to England' and 'Show us your jackboots!'

don" had a name. One day before the protest, Vernon Tomes, the island's deputy bailiff, was dismissed by Queen Elizabeth, acting on instructions from Whitehall. The reason given was that, as a senior judge, he had been repeatedly late in delivering judgments.


who knew the island only as a food producer, a tourist resort and a tax haven. "Well, maybe that was going too far," an elderly woman said apologetically a few days after the crowd heckled the

lieutenant governor, Air Marshall Sir John Sutton. "We're not against the queen. We don't want to be independent. We're just fed up with meddling from London."

In reality, even though 100 miles (160 kilometers) from England and just 12 miles from France, Jersey has always preferred to be tied to London rather than Paris.

During World War II, the Britishness of Jersey, Guernsey, Sark, and other tiny Channel Islands was strengthened by suffering because, impossible to defend once France fell in May 1940, they were the only part of the British Isles to come under German occupation.

meeting of the States, a crowd was waiting. And when Sir John emerged, he was bombarded with cries of "Get back to England!" and "Show us your jackboots!" and "Mr. Tomes for President!"



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Businessmen interested in participating in the forum should notify UNIDO as soon as possible so that they can receive more detailed information on the forum, travel arrangements, and on the investment opportunities. This notification will not be considered a commitment to attend the forum, however, the last date for confirmation of participation is 15 August 1992.

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مكازم العمل

Adoption in Peru: Pain and Frustration

By Nathaniel C. Nash
New York Times Service

LIMA — They are a special group of European and American visitors. Many are couples in their late 30s and early 40s, too old to be classified most eligible by adoption agencies in the United States. Some are single people, who are almost always passed over in the adoption competition back home.

Most came here with high hopes, having been told that if they went to Peru they would leave with a healthy baby within four to six weeks.

But such optimism died months ago. In its place is a desperate hope that the Andean children they have cuddled and nurtured for months will not be taken from them.

Scores of people who came to Peru to find children are now stranded in this country of upheaval. An inefficient and at times corrupt legal system, plus periodic adoption scandals that have fed intense nationalism here, has forced many to stay in Peru six months

and sometimes a year, to complete adoptions.

And that wait has been lengthened by at least two to three months since President Alberto Fujimori seized expanded powers on April 5. Most of the nation's courts were shut down for six weeks and the number of judges severely reduced, creating a huge judicial backlog.

Like Americans, Europeans are seeking to adopt in Peru. Italians are by far the largest single nationality represented among prospective adoptive parents here, close to double the number of Americans. But although Italians are equally affected by court delays, they seem to have a somewhat smoother experience overall because they are not as stigmatized as the American "gringo."

Some would-be parents have simply left out of frustration. But most have stayed, not willing to be separated from the infants they were handed when they arrived and whom they now consider their children.

"There is an awful lot of pain among us," said one adopting mother who asked to be identified only as Di Anne for fear of jeopardizing her case. "All of us could tell you horror stories of endless delays, losing jobs back home, losing homes. We're living day by day with babies that are ours emotionally, but we don't know if we will be able to keep them."

Peru is the second-most-popular destination, after South Korea, for Americans going abroad to adopt children. Unlike many countries in which foreigners must wade through government adoption agencies, Peru permits private adoption — agreements between the natural mother and would-be parents. Peru also permits adoption of infants by older couples and single people.

U.S. Embassy officials in Peru estimate that Americans adopt 700 Peruvian babies a year.

The plight of foreigners spending months in hotels seems inconsequential in a country plagued by guerrilla violence and drug traffic-

ing, with 60 percent of its people living in poverty.

But the troubles of the foreigners reflect a wrenching debate here and in other Latin American countries. Have the societies given up their children too easily? Is the quick adoption process just the fast way out of confronting poverty, malnutrition, lack of education? Adoption scandals are a favorite topic of the Peruvian press, which some say is campaigning against foreign adoptions.

"Due to the campaign, judges are carrying out deeper investigations," said a juvenile court judge handling adoptions. She added that a judge who processed a case quickly was often accused of being corrupt.

Neighboring Colombia has made the process far more difficult in the last year by eliminating private adoptions. Adopting parents now have to go through state-run agencies. Bolivia is considering such a change. Similar changes have been proposed for Peru.

For Peruvians, adoption also touches the issue of racism that runs deep in this culture, separating the dark-skinned Indian and mesizo Peruvians from the light-skinned Peruvians of Spanish descent. Many cannot understand why light-skinned Westerners would want to adopt dark-skinned babies from the Andean highlands. Some have accused foreigners of planning to raise the children to become servants.

The adopting parents in Peru have been charged by judges with baby trafficking. Others have had babies taken from them by the police, acting on judicial orders, just as they were about to board the plane home.

"I was told it was going to be easy," said Carol Brooks, a single, 35-year-old computer analyst from Kaiser, Oregon, who came here to adopt. "But with the long wait and added expense I'm using money I had put aside to buy a house."

The first child Miss Brooks was given was taken away from her when the authorities decided the natural mother did not want to give up the child.

John Gordy, a retired U.S. Air Force officer, arrived on Jan. 10 in Lima with his wife, Cynthia. Their Peruvian lawyer had arranged for them to adopt two sisters in the southeastern province of Puno.

After several weeks in Puno with the two children, they were told the adoption had been completed and they could take their children to Lima to await final approval. But within days, Mr. Gordy found out that the judge in Puno had issued a nationwide warrant for his arrest, accusing him of baby trafficking.

The couple eventually had to put both children in orphanages. They left Peru in May with no children, having spent more than \$15,000.



HUNGER IN AFGHANISTAN — Children in Kabul waiting outside the headquarters of mujahidin forces for distribution of food. There is currently a severe food shortage, and the new Islamic government has appealed to the United Nations and to friendly countries for relief.

Democrats Defy Bush On Benefits For Jobless

By Clifford Krauss
New York Times Service

WASHINGTON — Challenging President George Bush on a politically sensitive issue, the Democratic-controlled House of Representatives has voted overwhelmingly to make sweeping changes in the unemployment insurance system to grant automatically renewable benefits to the long-term jobless.

Mr. Bush would have preferred another simple extension of unemployment benefits for 13 or more weeks. But the measure that was passed went far beyond that, putting him in the awkward position of having to consider vetoing a bill that would help more than 2 million unemployed people in an election year.

If no further extension is enacted, the current round of extended benefits will expire July 4.

The White House strongly suggested Tuesday night that Mr. Bush would veto the measure. Laura Mello, a White House spokeswoman, said the president preferred a Republican-sponsored bill that would have provided \$2.5 billion for extending unemployment benefits, as well as lowering capital gains taxes and repealing the luxury tax on boats.

The Democratic bill was approved, 261 to 150, on a vote that mostly followed party lines. It would replace the current system of irregular extensions of benefits with one that would automatically grant at least 13 extra weeks of benefits in states where the unemployment rate was 6 percent or higher.

The Senate Finance Committee is planning to take up a similar though less generous bill on Thursday.

A Gift Too Much, Too Soon

Would-Be U.S. Envoy Mistimed Political Contribution

By Charles R. Babcock
Washington Post Service

WASHINGTON — A \$100,000 contribution that Donald H. Alexander, a Kansas City businessman, made to the Republican Party in January has become a stumbling block in his drive to fulfill a lifelong goal of returning to his native land as U.S. ambassador to the Netherlands.

Senator Paul S. Sarbanes, Democrat of Maryland, said he was holding up Mr. Alexander's nomination because he made the large donation to the Republican National Committee "at the same time" he was seeking the appointment from the Bush White House.

Mr. Sarbanes noted during a hearing of the Senate Foreign Relations Committee last week that Mr. Alexander's donation was much larger than any he had made before. In the four previous years, he had made political contributions amounting to \$6,300 — including one for \$1,000 last November to President George Bush's reelection campaign.

Mr. Alexander, born in Amsterdam, said the \$100,000 donation was unrelated to his seeking the post. Administration officials asked him "what my motivations were, and I told them that was something separate and apart from my efforts to become ambassador."

But he acknowledged under questioning that he made the donation after learning that a previous ambassador to the Netherlands had done the same. He also told the committee that he had considered making another donation to the Bush campaign in May, but that a State Department aide suggested it might not be "appropriate."

Mr. Sarbanes said he had no objection to three other political ambassadorships the administration has pending before the committee.

"I'm not arguing that every ambassador should

come out of the career service," he said. "But the balance of them have to have real merit and ought not to be linked or appear to be linked to a large political contribution."

Eight members of Team 100 — those who gave or raised \$100,000 or more for Bush's 1988 campaign — became ambassadors after Bush was inaugurated. They include Howard Wilkins Jr., who preceded Mr. Alexander in the Netherlands post.

In a letter to the committee chairman, Claiborne Pell, Democrat of Rhode Island, Mr. Sarbanes suggested that the staff investigate further the circumstances of the Alexander donation, as well as his service as honorary consul to the Dutch government.

A committee spokesman said the committee had scheduled a meeting Thursday to vote on whether to approve 10 ambassadorial nominations, including seven career Foreign Service officers. Mr. Alexander's name will not be considered then because of the Sarbanes request, he said.

Mr. Sarbanes has previously raised the issue of people who make large donations to the Republican Party getting ambassadorial appointments. In 1989, he said: "It's going to be a bidding war, at least we should put it up for public bid so the money goes to the U.S. Treasury."

Reports about ambassadorships going to large political donors are not new. During the Watergate era, Herbert Kalmbach, President Nixon's chief fund-raiser, went to prison for promising an ambassadorship in return for a \$100,000 donation, and for raising undisclosed funds from ambassadors — including \$4,500 from the then ambassador to the Netherlands, Mr. Kalmbach testified at the time that another donor complained that \$250,000 was "an awful lot of money for Costa Rica."

LIBYA: Official Press Assails Gadhafi Amid Rumors of Swerve in Policy

(Continued from page 1)

made, the country was "demoralized."

"We have been stabbed in the back," the editorial said.

There have been daily demonstrations in front of the Saudi Arabian Embassy by protesters who contend that the Saudi government has allowed Christians at the United Nations to decide whether or not they can fly for the yearly Muslim pilgrimage to Mecca. The Security Council said flights to Mecca could take place if Libya applied

for permission, something the Libyans have refused to do because the head of the exemption committee is a "nonbeliever."

"The failure of Colonel Gadhafi's policies is placed in the shoulders of the other Arabs, who refused to support Libya, despite all the sacrifices Libya was supposed to have made for them," a Western diplomat said. "Now the message coming out is that Libya must think of itself first and take care of its own needs, which include repairing ties with the West."

Colonel Gadhafi has insisted that he is not a head of state but a leader who follows the dictates of the Libyan people, who are organized into people's congresses. The General Congress is scheduled to begin its yearly meeting on Saturday and will discuss economic changes and the sanctions.

Government officials contend that the editorials are part of a popular call to reverse past policies.

"This is the voice of the people," said an editor at JANA. "The colonel must listen to the people. This is

a sign of a big change. It is time for us to open our relations with the West."

JANA announced late Tuesday that it had been taken over by a revolutionary group that had dismissed the director. The communiqué said the group had acted because the Libyan people had "the right to know the truth, all the truth, without distortions."

But JANA workers said the announcement was exaggerated and that the director had been replaced several days ago.

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Stop the killings in the "COWARD'S WARS"!

Even though the war in Cambodia appears to have ended and the United Nations has begun to repatriate 350,000 refugees from Thailand, anti-personnel mines, placed by the warring factions in Cambodia's 15-year-old war, continue to kill and maim civilians.

So far, the international community has failed to respond to this man-made crisis by undertaking a full-scale demining program. Since the fall of the Khmer Rouge in 1979, some 30,000 Cambodians - men, women, and children - have lost one or more limbs, while thousands of others have died. Those most in danger of stepping on mines are peasants foraging for wood and food or working in the rice fields. Children herding livestock are particularly at risk as they traverse large tracks of land in search of fresh pastures.

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Ruling Party Wins Indonesia Election

By Michael Richardson
Official results showed that the Muslim-based United Development Party had 17.5 percent of the vote and the Indonesian Democratic Party, a fusion of nationalist and Christian groups, 15.2 percent.

Pakistan Calls A-Plant 'Remote'

ISLAMABAD, Pakistan — A nuclear power plant that President François Mitterrand of France promised for Pakistan two years ago is now a "very, very remote possibility," Pakistan's Foreign Ministry said Wednesday.

Danes' 'No' Hangs Over Ireland as Vote Nears

By James F. Clarity
New York Times Service
DUBLIN — As usual, Michael D. Higgins, a member of Parliament, a poet and one of the most prominent and articulate figures in the country, is gripping what the Irish Establishment considers the wrong end of the stick.

Community subsidies to its poorer regions.
The question, Mr. Higgins said, "is whether this is a good version of Europe. Whether there is to be a viable European next century predicated on a humanist agenda, with solidarity, with the rejection of statism, but including the insights of feminism and the ecological movement."

PEROT: Civil Libertarians Recoil at Perot's 'Civil War' Plan to Combat the Use of Drugs

(Continued from page 1)
commandos to intercept smugglers, and engineered a 1988 campaign by Dallas's predominantly white police association to weaken a civilian police review board set up to investigate complaints of police brutality.

ARMENIA: Guarding the Border in Ageless Conflict

(Continued from page 1)
ident, who promised to deal with the Karabakh problem. But few are predicting peace.
Now, the horrors of Nagorno-Karabakh could be repeated here in Nakhichevan — a pocket of Azerbaijan cut off from Azerbaijan by Armenia.

Top Slovak Refuses a Meeting With Havel

BRATISLAVA, Czechoslovakia — Vladimir Meciar, the Slovak leader, refused Wednesday to meet President Vaclav Havel, further hardening attitudes before a second round of tense Czech-Slovak talks.

BANGKOK: King Recalls a Former Prime Minister

(Continued from page 1)
General Suchinda, the former army commander and coup mastermind, who took office April 7, although he had not run in the election and had vowed not to become the next prime minister.

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HEALTH / SCIENCE

Self-Policing in Science
Authors Retract Study Because of Faked Results

By Natalie Angier
New York Times Service

NEW YORK — Using the bluntest and most candid language possible, researchers have retracted a paper published in a highly regarded scientific journal, saying that the main author of the report had fabricated his results.

The retraction throws into question a flourishing subspecialty of biology, the study of critical molecular signals that control mammalian development at the moment a fertilized egg begins its rapid growth into an animal.

The no-nonsense wording of the retraction, which appears in the current issue of the journal Cell, is quite unusual for an announcement of its kind. In a single paragraph at the bottom of a page otherwise taken up by a book review, the researchers, from the National Institutes of Health in Bethesda, Maryland, said their recent investigations had shown that the experimental evidence supporting the conclusions of their paper published in March 1991 "has been fabricated by one of the authors," Mitchell Rosner, and that the fraud had occurred "without any knowledge by the others."

The authors then retracted the paper "in its entirety" and apologized to anyone who might have been led astray by the chicanery.

Until recently, scientists have often couched retractions in vague terms, contending that they had been unable to reproduce previous results but stopping short of crying fraud. The latest retraction is evidence that in the aftermath of highly publicized and acrimonious cases of scientific fraud, like the incident that contributed to Dr. David Baltimore's resignation as president of Rockefeller University, many scientists are struggling to explore accusations of fraud with great dispatch, and to discuss the misconduct openly once it has been proved.

In this case, Dr. Louis M. Staudt, who heads the laboratory where the fraud occurred, said he was able to write the retraction so pointedly because he had discovered unshakable proof of doctored experiments and because Mr. Rosner, a graduate student working in his lab, had written him a letter of confession.

In essence, Dr. Staudt said in an interview, "We had caught him red-handed falsifying an experiment." The letter has not been made public.

More often, cases of apparent fraud are difficult if not impossible to prove, and researchers accused of fakery deny the charges regardless of how incriminating the evidence.

"Usually you're swimming, and you have no way of knowing if your suspicions are justifiable," said Dr. Heinz Arnheiter, a collaborator on the retracted report. "In this case, we were fortunate to have the confession, which is relatively rare."

After learning of the fraud, Dr. Staudt informed as many scientists as possible by telephone, and he immediately contacted the editor of Cell.

"We've had some cases of fraud handled very well and some handled rather poorly," said Dr. Benjamin Lewin, the journal's editor. This case, he said, was handled with great finesse.

By contrast, Dr. Baltimore was sharply criticized for belittling repeated accusations that his collaborator on a report that appeared in Cell in 1986 had faked her data. Dr. Baltimore's behavior, together with a recent federal investigation into whether Dr. Robert C. Gallo of the National Cancer Institute misappropriated samples of the virus that causes AIDS from scientific competitors in France, have raised serious questions about the ability of scientists to police their own. The latest retraction is evidence of an effort by researchers to do just that.

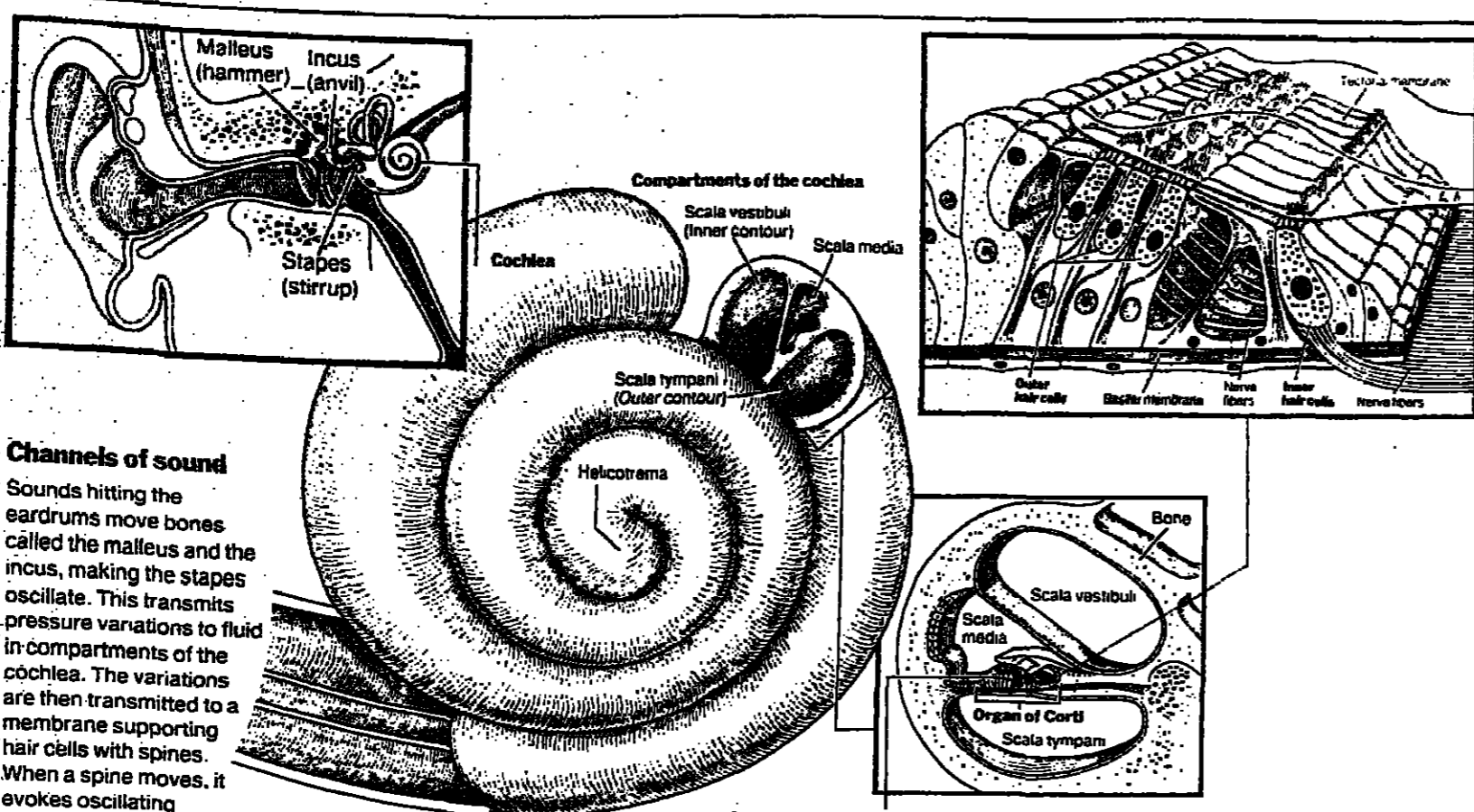
The paper retracted by the Bethesda scientists claimed to show that a molecule called Oct-3 was essential for a fertilized egg to begin flowering into an embryo. Other labs have been studying the factor through a variety of methods, and nobody can say how many scientists have been misled by the invented data.

"It's really surprising when a promising area of research collapses into nothing," said Dr. Arnheiter. "We're back to square one with this protein. Two years later and the problem of it is unsolved."

M R. ROSNER has withdrawn from Georgetown University in Washington, where he was studying for his doctorate. He is also seeking a medical degree at Harvard Medical School in Boston, and a board there is expected to decide by the end of the month whether he should be expelled. He did not return repeated telephone calls.

By all indications, Mr. Rosner fits the prototype of the cheating scientist: an exceptionally intelligent and promising young researcher who has no obvious need to commit fraud. Dr. Staudt described him as "a very bright student who had done some quite good work initially."

So successful was he in his research that in 1990, Mr. Rosner was the principal author on a major report published in the journal Nature, a coveted honor for a graduate student. That paper, also about the Oct-3 factor, remains valid and the results it reported have been reproduced by at least two other research teams.



Channels of sound
Sounds hitting the eardrums move bones called the malleus and the incus, making the stapes oscillate. This transmits pressure variations to fluid in compartments of the cochlea. The variations are then transmitted to a membrane supporting hair cells with spines. When a spine moves, it evokes oscillating electrochemical signals from its hair cell. Sent through nerve cells to the brain, the signals are perceived as tones.

Source: "Principles of Neural Science," Kandel, Schwartz and Jessell (Elsevier)
The New York Times, Illustrations by Michael Reungold

A Tiny Loudspeaker Inside the Ear

Researchers have found that the outer hair cells instantly change shape in response to changes in electrical voltage. When they shorten, they squeeze their liquid contents and make the side walls expand. The frequencies of expansion and contraction correspond to both audible sound and the sound produced by the ears themselves. Some scientists believe the cycles make the membrane that supports the hair cells vibrate just like a loudspeaker.

Tuning In to the Ear's Own Sounds

By Malcolm W. Browne
New York Times Service

NEW YORK — By picking up sound and transforming it into electrochemical impulses, the ears act like microphones sending coded signals through the nervous system into the brain.

But following the discovery that ears also act as tiny sound-producing loudspeakers, scientists are encountering many surprises as they probe the mysteries of hearing.

One recent result of this rapidly developing field of research has been the invention of instruments with miniature microphones that listen for the faint sounds emitted by healthy ears.

Scientists believe these devices offer doctors a quick and reliable tool for detecting deafness, even in newborn infants, among whom deafness is otherwise hard to diagnose.

Physiologists are still marveling at the discovery that ears produce sound. "It is almost as astonishing as if the eye could produce light or the nose produce odors," said Dr. William E. Brownell of the Johns Hopkins University School of Medicine, one of the leading researchers in "otoacoustic emissions," or sound produced by ears.

In a continuing Rhode Island study that began in 1989, microphone-equipped devices have been used to test the ears of some 4,700 newborn infants, and have already proved their worth in detecting problems early.

Dr. Susan J. Norton of Children's Hospital and Medical Center in Seattle, a participant in the Rhode Island clinical study, said, "It is unlikely that any of these children would have been identified before 12 months of age using previously available techniques."

But useful though otoacoustic emissions appear to be for clinical diagnosis, their main interest to scientists is in the light they shed on a baffling perceptual system that endows humans and other mammals with superlatively sensitive hearing over a wide range of frequencies and loudness. It is this system, some scientists believe, that made speech possible.

The notion that the ear might produce sound was suggested in 1946 by Dr. Thomas Gold, a Vienna-born astrophysicist, who reasoned that the high sensitivity of the human ear and its wide range of

frequency response might be best explained in terms of some amplifying system analogous to those used in radio receivers.

If that was the case, the biological amplifier might not only increase the intensity of electrical signals sent by the ear into the nervous system, but might also produce sound of its own.

In 1978 a major discovery lent substance to this prediction. Dr. David Kemp, an English physicist, discovered that the cochlea, a hollow, spiral-shaped bone in the skull that contains the organs of hearing, actually emits sounds. These sounds, known as otoacoustic emissions, were found to be of two types: spontaneous and evoked.

Spontaneous emissions of sound are produced by the ears of normal people from time to time for no apparent reason.

Although a microphone in the ear can clearly register such sounds, they are rarely noticed by the hearer, perhaps because the brain filters them out from the flow of signals that underlie perception.

Spontaneous emissions are apparently not related to tinnitus, or ringing of the ears, an ailment that can be caused by very large doses of aspirin, among other things.

Dr. Glenn R. Long of Purdue University says that only about 3 percent of people suffering from tinnitus are found to produce spontaneous sound emissions of their own.

The other kind of ear-produced sound, evoked otoacoustic emissions, is similar to echoes, generally somewhat distorted from the original sound. The types of distortions found in these sound emissions appear to correspond to the kind of interference patterns that occur when one sound frequency is imposed on another.

A person who fails to emit echo-like sounds from his or her ear in response to a test tone generally turns out to be deaf, or suffering from disease or the influence of certain drugs.

When a sound-producing device called a transducer is inserted in an ear canal and emits a brief click, a healthy cochlea responds a few thousandths of a second later by sending back an echo, which is picked up by a miniature microphone.

Scientists discovered that the otoacoustic echo response disappears when a person is taking large doses of aspirin, quinine, or psychoactive drugs. Aspirin, in fact, is known to cause temporary hearing loss.

Significantly, the echo response disappears a few minutes after death. This, many scientists believe, implies that the otoacoustic response is the result of active sound production, not just a passive echo of external sounds.

But this hypothesis has touched off a lively debate among physiologists, electrical engineers, biologists, biochemists and acousticians as to what actually produces the sounds that come from the ear.

One group believes that there is an active, electromechanical amplifying mechanism in the cochlea, similar in principle to electronic amplifiers, that is stimulated by an alternating electrical field produced by the stria vascularis, a tiny organ within the cochlea.

A second group maintains that there is no active sound production or amplification in the ear, but that the echo results from the special acoustical shape of the cochlea.

Dr. Jon B. Allen, a scientist at AT&T Bell Laboratories, believes that "standing-wave" sound resonances in the cochlea similar to those that define the tone and loudness of sound in an organ pipe are responsible for the emissions.

THE debate is far from settled, and all scientists agree that many puzzles of the hearing process remain to be unraveled by experiments.

At his Johns Hopkins laboratory, Dr. Brownell and his colleagues are exploring the behavior of individual cells from the organ of Corti, the central hearing organ in the cochlea. Within this organ are specialized cells, "outer hair cells," that may be the key to the mystery.

Scientists seem to agree that whatever the explanation of otoacoustic emissions may be, these sounds in themselves are not essential to hearing, but are merely inevitable by-products of a system mammals use to tune their hearing.

Dr. Brownell and others believe that by functioning as amplifiers, the outer hair cells in a person with normal hearing help to maintain the smooth progression in perception from soft to loud sounds over their entire frequency range.

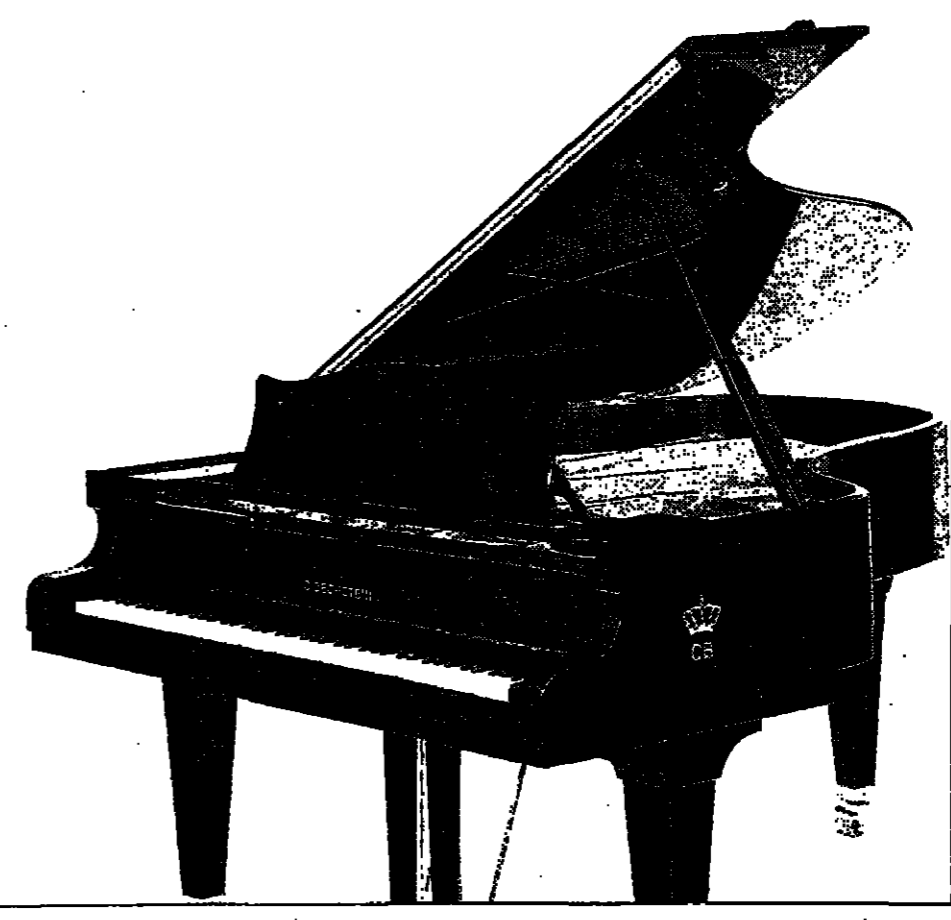
He and others hypothesize that this refinement in hearing is essential to the understanding of speech. The development of outer hair cells in the cochlea may therefore have

been a major step in the evolution of humans.

Dr. Allen of AT&T and some other engineers and physicists strongly disagree with this view. "I do not believe the acoustical evidence supports the idea of a cochlear amplifier," he said. "A lot of physiologists and biologists accept its existence, but I believe it will turn out to have been as illusory as the emperor's new clothes."

As you can well imagine, you need a lot of talent to build an estate. That's why some bankers do only that.

Independent and personally responsible, they think of each private and institutional estate as a major work that is worthy of their fullest attention. They know a personal relationship goes hand-in-hand with solid investment research, in-depth performance analyses and continuous counselling. They know it takes a lot of work to create a masterpiece.



GROUPEMENT DES BANQUIERS PRIVÉS GENEVOIS
A vision of liberty

In Geneva:
BORDIER & Cie (1844) - DARIER, HENTSCH & Cie (1796) - LOMBARD, ODIER & Cie (1798) - MIRABAUD & Cie (1819) - PICTET & Cie (1805)

IN BRIEF

High Infant-Death Rate Reported For College-Educated Blacks

BOSTON (Reuters) — Babies born to college-educated blacks in the United States have a higher mortality rate than those of similarly educated whites, a finding that seems to undermine the theory that poverty and poor medical care are to blame. The reason for the disparity seems to be that black women give birth to far greater numbers of low-birth-weight infants, but the explanation for this phenomenon remains a mystery, according to new research by the U.S. Centers for Disease Control. Overall, black babies in the United States have a far greater infant-mortality rate than white babies, a fact that doctors have long believed is due to access to good care. But the new study, in the New England Journal of Medicine, shows that even when poverty is no longer a factor, black babies still have a higher death rate.

Morning Sickness May Protect The Embryo, Biologist Finds

BERKELEY, California (Reuters) — Morning sickness is not just an accidental by-product of pregnancy, but the body's way of protecting the embryo from toxic food, according to a new book. A University of California biologist, Margie Profet, writing in "The Adapted Mind" to be published this week by Oxford University Press, says morning sickness deters women from eating foods that might cause birth defects or aborted pregnancies. "If you didn't have it you could be eating too many natural toxins in food and aborting your embryos," said Dr. Profet. Dr. Profet points out that the first trimester of pregnancy, when morning sickness usually occurs, is also when the embryo is most vulnerable. Morning sickness is like an alarm system warning women not to

eat foods that could damage the embryo, she said. These include spices, pungent vegetables such as Brussels sprouts, and fried foods.

Clogged Waters but Clearer: Zebra Mussel Beating a Bad Rap

WASHINGTON (WP) — There is good news about the zebra mussel, the striped mollusk that has colonized the Great Lakes and nearby waters and become a major nuisance by clogging water inlets. In the four years since they first showed up — probably as hitchhikers on freighters from Europe — the tiny creatures have become so numerous that their method of feeding by filtering water is cleaning up the long-polluted lakes. "A single zebra mussel filters as much as a quart of water a day," said Edward L. Mills, a biologist at Cornell University. Dr. Mills said Lake Erie was becoming visibly clearer as a result.

Neutrino as Elusive as Ever, U.S.-Russian Research Shows

WASHINGTON (WP) — Hope that Russian-American observations at the Baksan observatory inside a Caucasus mountain might resolve a long-standing puzzle as to the energy source of the sun has been dashed. A detector consisting of 30 tons of gallium has failed to record the particles that should be reaching Earth as primary by-products of the energy-making process. The missing particles are neutrinos, the most elusive of all nuclear particles. They should be produced by a variety of reactions in the core of the Sun and attempts to detect some of them were begun in 1968 by Dr. Raymond Davis Jr., then at Brookhaven National Laboratory at Upton, New York, inside a South Dakota gold mine. So few were observed that a number of other observations were undertaken, but failed to find the predicted rate.

OPINION

Herald Tribune

Published With The New York Times and The Washington Post

High Stakes in Bosnia

There are many people in the West quick to lament the dismemberment of blameless Bosnia...

Pathetically, the United Nations pledges to send 1,100 lightly armed peacekeepers to reopen Sarajevo's airport...

Rio's Deeper Message

For President George Bush and the United States, the UN environmental conference in Rio de Janeiro is turning into a huge fiasco...

But it is not only Mr. Bush who thinks that the biodiversity treaty is flawed. There is a respectable argument that it would transfer money much too loosely and jeopardize established patent rights...

66 Million Handguns

It is strong, it is drastic and it is a serious response to the constant terror of gunfire that grips more Americans every day...

spark no stampede of colleagues to co-sponsor it. The National Rifle Association's all-guns-are-great lobby will have a field day with it...

Other Comment

Is This All the UN Can Do? Blue beret soldiers are due to "secure" the airport of Sarajevo...

NATO's 16 member states say they are prepared to send alliance forces outside their traditional defense area. But they will consider doing so only if there is a European consensus...

Better This Step Back Than a Rush to Unite

By William Pfaff

PARIS—Nationalism is not automatically a bad thing. National feeling is an essential element in the sense of social identity...

of the Community's members, it has failed. The others now are talking about going ahead without the Danes, or asking the Danes to reconsider after all the rest have ratified...



By BAS in Tychowen (Athens). CNW System

goals of common political and military policy-making and action by states with radically different political histories, traditions and views of their role in international society.

supporting break-up by recognizing the new states or attempting to hold the federation together. This is the kind of problem no Maastricht treaty can resolve...

Russia's View of the Summit? More Modest

By Jim Hoagland

MOSCOW—The ceiling of Andrei Kokoshin's new office in the Russian Pentagon glimmers toward celestial infinity...

positions on arms control. American officials who hope the Yeltsin-Bush meeting in Washington next week will bring movement toward abandoning the 1972 Anti-Ballistic Missile Treaty...

U.S.-Canada Institute in Soviet days. This continuity and the Kokoshin family's prominence in Soviet military history helped win him the grudging acceptance of the generals and colonels...

Russia and East Asia Have a Security Deal to Make

By Gerald Segal

LONDON—Hardly a day passes without one faction or another in Moscow meeting to formulate a new Russian national interest or foreign policy...

foreign policy need to be confronted. The non-Russian republics of the former Soviet Union in Europe pose the most immediate challenge to Russian interests...

East Asia. However, there will be increased opportunities for shaping a regional security building process. The most obvious evidence of a reduced Russian presence is emerging in the military realm...

prize of major Japanese aid. But all these Russians agree that the key to a deal depends on domestic politics. A confident and successfully reforming Russia will be more able to strike a deal...

The Scientists Have a Home

By Enrico Jaecchia

ROME—If Russia's political influence in the Middle East has been strongly diminished, the fate of the research branch of the former Soviet military-industrial complex is of enormous significance...

Discussions between the two sides have taken place about possible cooperation in decommissioning nuclear systems of the Russian military in the Far East...

It Might Be Just the Job For NATO

By Frederick Bonhart

BRUSSELS—Scenes of violence in Southern and Eastern Europe and appeals for help from beleaguered populations are putting increasing pressure on Western statesmen for military intervention...

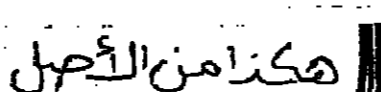
If forces are engaged, there must be no limit to their commitment.

ble to escalate into full-scale battle and lead to a confrontation indistinguishable from war. Unlike the UN's lightly armed multinational peacekeeping troops...

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Clashes in Spain BARCELONA—A state of siege has been proclaimed here in consequence of the collisions that occurred today [June 10] between police and workmen on strike over a pay raise...

INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Co-Chairmen



NYSE

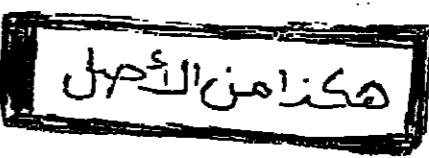
Wednesday's Closing
Tables include the nationwide price up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Symbol	Price	Change
IBM	115.25	+0.25
MSFT	68.75	+0.25
GE	45.50	+0.25
AMT	55.00	+0.25
DIS	35.00	+0.25
INTL	15.00	+0.25
WAL	25.00	+0.25
TRW	30.00	+0.25
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SO	435.00	+0.25
AA	445.00	+0.25
MT	455.00	+0.25
GM	465.00	+0.25
AM	475.00	+0.25
FD	485.00	+0.25
DU	495.00	+0.25
SO	505.00	+0.25
AA	515.00	+0.25
MT	525.00	+0.25
GM	535.00	+0.25
AM	545.00	+0.25
FD	555.00	+0.25
DU	565.00	+0.25
SO	575.00	+0.25
AA	585.00	+0.25
MT	595.00	+0.25
GM	605.00	+0.25
AM	615.00	+0.25
FD	625.00	+0.25
DU	635.00	+0.25
SO	645.00	+0.25
AA	655.00	+0.25
MT	665.00	+0.25
GM	675.00	+0.25
AM	685.00	+0.25
FD	695.00	+0.25
DU	705.00	+0.25
SO	715.00	+0.25
AA	725.00	+0.25
MT	735.00	+0.25
GM	745.00	+0.25
AM	755.00	+0.25
FD	765.00	+0.25
DU	775.00	+0.25
SO	785.00	+0.25
AA	795.00	+0.25
MT	805.00	+0.25
GM	815.00	+0.25
AM	825.00	+0.25
FD	835.00	+0.25
DU	845.00	+0.25
SO	855.00	+0.25
AA	865.00	+0.25
MT	875.00	+0.25
GM	885.00	+0.25
AM	895.00	+0.25
FD	905.00	+0.25
DU	915.00	+0.25
SO	925.00	+0.25
AA	935.00	+0.25
MT	945.00	+0.25
GM	955.00	+0.25
AM	965.00	+0.25
FD	975.00	+0.25
DU	985.00	+0.25
SO	995.00	+0.25
AA	1005.00	+0.25

Symbol	Price	Change
IBM	115.25	+0.25
MSFT	68.75	+0.25
GE	45.50	+0.25
AMT	55.00	+0.25
DIS	35.00	+0.25
INTL	15.00	+0.25
WAL	25.00	+0.25
TRW	30.00	+0.25
GM	20.00	+0.25
AT&T	40.00	+0.25
BA	35.00	+0.25
SPY	100.00	+0.25
ESX	15.00	+0.25
WDC	25.00	+0.25
HPQ	35.00	+0.25
ORCL	45.00	+0.25
QCOM	55.00	+0.25
TXN	65.00	+0.25
INTC	75.00	+0.25
AMD	85.00	+0.25
SSS	95.00	+0.25
DLN	105.00	+0.25
WMT	115.00	+0.25
PG	125.00	+0.25
CVX	135.00	+0.25
MRK	145.00	+0.25
ABB	155.00	+0.25
UNH	165.00	+0.25
DUK	175.00	+0.25
WU	185.00	+0.25
RTX	195.00	+0.25
TRV	205.00	+0.25
AXP	215.00	+0.25
WY	225.00	+0.25
MO	235.00	+0.25
US	245.00	+0.25
GO	255.00	+0.25
BR	265.00	+0.25
TR	275.00	+0.25
DU	285.00	+0.25
SO	295.00	+0.25
AA	305.00	+0.25
MT	315.00	+0.25
GM	325.00	+0.25
AM	335.00	+0.25
FD	345.00	+0.25



INTERNATIONAL MANAGER

Executive Stock Options: Now, Rain on the Parade?

By Diana B. Henriques

NEW YORK — Stock options are emerging as the latest lightning rod in the continuing storm over U.S. executive pay. In hearings last week, the Senate threatened to eliminate corporate tax deductions for pay brackets in excess of \$1 million a year, but sidestepped arguments for and against the use of options.

Critics of excessive executive pay have long lobbied for greater reliance on stock options because they put chief executives in the same boat as shareholders. If the stock price goes up, everybody in the boat is rewarded. If it does not, the chief executive suffers along with everyone else.

There are a thousand variations.

In fact, there may even be stronger reasons than simple fairness for companies to emphasize stock options in pay packages.

When one research firm recently examined how executive pay affects stock prices at several large companies, it found that the use of options can dramatically reduce the harm.

It may be that stock options are a better form of excessive compensation than cash, said Graef Crystal, an industrial relations professor at the University of California at Berkeley.

But that does not mean options cannot be abused. Advocates do not simply argue that options are a more palatable form of executive pay, of course. A number of executives told the Senate Finance subcommittee on taxation that in the beginning companies rely heavily on options to reward and retain workers in their cash-less years.

Mr. Crystal countered that some high-tech companies were undermining their own arguments by playing games with those options.

ONE COMMON PLOY, he said, was to reprice a chief executive's older options to reflect stock declines. "When we not only give you new options at the lower price, but we also call in your earlier options and lower the exercise price on those," said Mr. Crystal, "you've got a real money machine."

One development that would change the way corporations view stock options is an accounting change. The Financial Accounting Standards Board is devising rules that would require corporations to reflect on their books a value for stock options granted to executives.

Timothy S. Lucas, of the standards board, pointed out that company books were now prepared as if options to executives had zero value — "and no one here assumes the value of an option is zero."

One obstacle to establishing new rules is that corporations have been so creative. "We're gaining on having a consensus on how to account for a plain-vanilla stock option," said Mr. Lucas. "But there are a thousand other variations."

Mr. Crystal said in the ways options were being abused, they aligned the executive interest with speculators, not with the long-term investor. But at least options do less damage to stock prices than other forms of pay, said Donald W. Mitchell, managing director of Mitchell & Co. His research firm analyzed four large public companies, each of whose share price is sensitive to different financial factors. It found that in every case compensation paid to executives in cash hurt the share price more than an equivalent amount in options.

For example, Avon is a stock whose price is chiefly sensitive to changes in earnings per share, Mr. Mitchell said. He calculated that the stock's sensitivity to earnings was such that "every dollar paid out in cash, on an after-tax basis, costs shareholders 11.7 times that in its effect on their stock price."

Mr. Crystal has a modest proposal that would render options more to his liking, one that he said some companies are already using: "You set the exercise price for the option much higher than the current price. And you don't cut that price, even if the stock price falls. If you do that, you start getting close to options being a true reward for long-term performance."

Robertson Abandons UPI Offer

Threat of Closure For News Agency

By Paul Farhi

WASHINGTON — United Press International lost what may have been its last chance for survival Wednesday, when the religious broadcaster Pat Robertson unexpectedly withdrew his \$6 million offer for the wire service.

UPI executives said they had resumed talks with other potential investors in an eleven-hour effort to save the company. But Pieter VanBerkom, the UPI president, told staff members in Washington that he would not rule out shutting down the 85-year-old company as soon as Friday.

Mr. Robertson had emerged as UPI's would-be savior last month when the wire service was auctioned by a bankruptcy court judge. A company that Mr. Robertson controls, U.S. Media Corp., was the only bidder that offered to buy all of UPI.

U.S. Media's \$6 million offer was contingent on a review of UPI's books, and Mr. Robertson told a packed news conference in Washington that reviewing the log-troubled wire would have been more expensive than he had realized. He said his advisers estimated it would take an investment of \$31 million during the first 18 months, with no guarantee of a turnaround.

"It's with great personal regret that I say the economics, for us, don't make sense," said Mr. Robertson, a 1988 Republican presidential candidate who has built a thriving media empire with his Christian Broadcasting Network and Family Channel cable television network.

Mr. Robertson cited UPI's declining subscriber base as a prime reason for not going ahead with his offer, saying that even CBN had recently canceled its news reports. He said he would still like to buy UPI's name and some of its smaller assets, such as its radio network and picture archives.

Later, creditors said they rejected a \$500,000 offer by Mr. Robertson for the UPI name and two photography-related assets, Reuters reported from New York.

But those steps are unlikely to quench UPI's desperate thirst for cash. UPI told a bankruptcy court in late April that it would be unable to pay its 500 employees without a court-supervised sale by mid-May. Robertson has kept UPI afloat during the negotiations.

See UPI, Page 12

Fit Brokers Thrive in Tokyo

By Steven Brull

TOKYO — A few years ago, when Tokyo was emerging as one of the three major financial centers along with New York and London, foreign brokerage houses were clamoring to fill expensive offices with well-paid staff and spend millions to buy seats on the stock exchange. Today, many of these companies are bleeding red ink and retrenching, but some are among the most profitable in Japan.

The collapse of the Tokyo stock market, which has lost nearly half its value over the past two-and-a-half years, has devastated trading volume and triggered a process of natural selection. Quite fit are the well-capitalized companies with diverse product lines and skills in arbitrage, by which traders seek to exploit short-lived price discrepancies among various markets.

But many that are dependent on commissions from stock trading, where volume has fallen by two-thirds, are thinking about survival. Some trading rooms are said to be nearly devoid of activity. Facing the prospect of years of losses, some are withdrawing, despite the disgrace that engenders in Japan. Most, however, are hunkering down.

"Many companies are downsizing to skeletal operations," said Bradley J. Treadwell, a partner in charge of Arthur Andersen & Co.'s Capital Markets Consulting Group. "They hope to survive until the market comes back in two to three years."

House of Securities Japan Ltd., which has lost more than 90 percent of its value since it moved to its Tokyo office. It joined a host of others, including Banca Commerciale Italiana, Chemical Bank Japan Corp., Geneva SA, Morgan Grenfell Japan Ltd. and Chase Manhattan Securities Japan.

None of these is among the 124 full members of the Tokyo Stock Exchange, where the number of foreign companies has grown to 25 from 6 in 1986. Nor is a full member expected to withdraw — after years of tough lobbying by foreign governments to

get in, none would want to be censured for running when the going gets tough.

But many concerns, such as County NatWest Securities Japan Ltd. and W.I. Carr (Overseas) Ltd., are slashing millions of dollars of fixed costs by laying off or transferring staff. With about half of Tokyo's 50 foreign brokerage firms thought to be in the red, more layoffs are expected.

The stock-market slump also has gutted profits at Japanese securities houses, which are in their worst downturn since the mid-1980s. Three of the Big Four and nine of 10 second-tier firms posted net losses in the year to March 31.

In contrast, big foreign brokerage houses with expertise in arbitrage trading have increased their share of the market's volume and risen to the top of the profitability rankings. In the year to March 31, Salomon Brothers Asia and Goldman Sachs & Co. trailed only Nomura Securities Co. in recurring profit, according to Ministry of Finance data leaked to the Japanese press. Morgan Stanley & Co., Societe Generale and Baring Brothers Securities also were highly profitable.

Aggressive arbitrage helped boost the share of volume booked by foreign brokers to more than 20 percent this April, double the level a year earlier. The total share held by the Big Four of Daiwa Securities Co., Nikko Securities Co., Nomura Securities Co. and Yamaichi Securities Co., meanwhile, has been steadily slipping, falling below 30 percent in April, two-thirds the level of several years ago.

The big foreign brokers are earning much of their profit through stock-index futures arbitrage. This has become a prime source of profit as thinning trading in the cash market depresses commission revenues while increasing price volatility and thus arbitrage opportunities.

Since trading in futures, options and other derivatives began in Tokyo in 1988, foreign companies have had the upper hand: Japanese companies

See BROKERS, Page 13

Europe Carriers Are Pulled Into U.S. Airfare War

By Lawrence Malkin

NEW YORK — The latest battle in America's airline fare wars spread Wednesday across the Atlantic, signaling more turbulence ahead for the industry.

Lufthansa and Swissair announced that they were matching the summer cuts on U.S.-to-Europe routes brought in earlier in the week by Delta Airlines. Delta, trying to build up the transatlantic service it bought from Pan American before the U.S. flag ship airline went bankrupt, offered cuts up to 45 percent on business and full-fare coach tickets to Europe.

KLM and British Airways said Wednesday that they were considering matching the cuts. The prospect of lower fares, while a potential bonanza for travelers, hit airline shares hard. In London, BA stock finished down 4 pence at 332 pence (\$6.08) on worries about a fare war's effects on European airlines. In Amsterdam, KLM fell 0.60 to 39.90 guilders (\$22.35) on similar concerns. Analysts calculate that KLM makes about two-thirds of its profit on North Atlantic routes.

But stock in BAA PLC, which operates Britain's airports and whose revenue would be expected to rise with a summer influx of travelers, rose a sharp 20 pence to 695 in London.

In New York, where airline stocks took a pounding Tuesday, the Dow Jones transportation index was down again Wednesday (Page 12). Meanwhile, Continental Airlines, which has been operating in bankruptcy protection for more than two years, filed suit in federal court in Texas against AMR Corp., parent of American Airlines. In what analysts called a desperation

move, Continental accused the industry's market leader of trying to force it out of business as the only way American would be able to fly at a profit.

The suit argued that American's recent fare cuts constituted predatory pricing designed to destroy its rivals' "financial and competitive vitality" by setting price levels "that would result in ruinous losses to weaken and destroy competitors."

American responded by asking a federal court in Chicago to validate its new and simplified fare structure and keep it free of lawsuits that it warned could drag on for years. Ann McNamara, American's general counsel, said the accusations by other airlines "are actually a smokescreen for their objection to price competition."

A similar suit was filed by employees who are stockholders of America West Airlines, which is also operating under bankruptcy protection, seeking documents on American's pricing strategies.

Robert L. Crandall, American's chairman, rejected the suits in testimony Wednesday to Congress on airline deregulation. "If we want a competitive system, we must allow the market to finish the painful process of eliminating whatever number of carriers are surplus to the market's needs," he said.

The U.S. aviation industry now is dominated by three major carriers — American, Delta, and United. None of them flew at a profit during the disastrous climate of recession and the Gulf War last year, and profits this year seem to be elusive in the slow recovery.

In April, American tried to rationalize the crazy-quilt airline fare structure by introducing four

See FARES, Page 13

Delors Denies 'Super-State' Plan

By Steven Brull

STRASBOURG, France — EC Commission President Jacques Delors, smarting from EC states' rejection of his request for a major budget increase, responded angrily on Wednesday to suggestions that he wanted to turn the European Community into a super-state.

Speaking during a European Parliament debate on the Danish rejection of the Maastricht Treaty, he also defended plans for a closer union with more spending power.

Mr. Delors rose to denounce an assertion by a Dutch member that he favored a Community ruled more and more from Brussels.

"It's totally false," he told the deputy, Nel Van Dijk. "I protest very strongly when you say such things. You must come along with proof and that's how you talk to a bureaucrat, not in any other way."

His speeches showed he had no ambition to build a Europe where small states had little say, he added. Despite the tilt, the parliament later passed a resolution backing the plan to push ahead with ratification of the Maastricht Treaty. The parliament also endorsed

the proposal to boost the European Community's budget that was rejected by a majority of finance ministers on Tuesday. The proposal is for the budget ceiling to be increased between 1993 and 1997 to \$8 billion European currency units (\$114 billion) from about \$7 billion Ecu now. The final decision rests with national heads of government.

The EC assailed a U.S. threat to penalize its food exports. Page 13.

Ireland is preparing for a referendum next week on the treaty, the Community's blueprint for economic and political union. After Danes voted narrowly against it last week, the Irish vote could make or break prospects of rescuing the pact, which has to be ratified by all 12 EC states.

But both the British and the German governments Wednesday reiterated their support for the treaty.

Mr. Delors told the 518-strong EC assembly: "A few ideas should help us improve the workings of our Community and draw us nearer to our people."

They included extension of re-

spec for diversity within the bloc and efforts to avoid conflict over sovereignty between Brussels and national governments.

In London, the British cabinet closed ranks behind Prime Minister John Major to try to stifle dissent over EC union within the ruling Conservative Party.

Social Security Secretary Peter Lilley, widely seen as skeptical of policy on Europe, issued a statement saying he fully supported Mr. Major over the Maastricht Treaty.

"The prime minister negotiated a good deal at Maastricht which gives us a good opportunity to shape Europe in the way we want," Mr. Lilley said.

In Paris, an aide to Chancellor Helmut Kohl of Germany told French leaders that the German legislature would ratify the Maastricht Treaty on time.

Wolfgang Schäuble, parliamentary leader of Mr. Kohl's Christian Democrats, told President François Mitterrand he had no doubt that both the lower house and the Bundesrat, the chamber dominated by the opposition Social Democrats, would vote for the treaty this year.

CURRENCY RATES

Table with columns for Currency, Bid, Ask, and other financial data. Includes entries for Amsterdam, Frankfurt, London, etc.

Closings in Amsterdam, London and Zurich, Europe in other centers. New York closing rates and Toronto rates at 3 p.m. EDT.

Other Dollar Values

Table listing various dollar values for different currencies and commodities.

Forward Rates

Table showing forward rates for various currencies and time periods.

Sources: NMB Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (LDC); Globacost (trading). Other data from Reuters and AP.

INTEREST RATES

Table showing interest rates for Eurocurrency deposits and other financial instruments.

Sources: All Reuters except ECU; Lloyds Bank. Rates applicable to interbank deposits of \$1 million minimum for equivalent.

Key Money Rates

Table listing key money rates for various currencies and time periods.

Asian Dollar Deposits

Table showing Asian dollar deposits for different currencies and time periods.

U.S. Money Market Funds

Table listing U.S. money market funds and their performance.

GOLD

Table showing gold prices for various locations and time periods.

Sources: Reuters, Salomon Brothers, Bank of Tokyo, Commercials, Credit Lyonnais.

Channel Ferry Operators Find Life at the End of the Tunnel

By Barry James

PARIS — Ferry operators, who once feared the opening of the Channel tunnel, are now going through the biggest period of expansion in their history as they prepare for the opening of the European single market next year.

They are introducing huge new special-purpose ships and modernizing or stretching old vessels. They are emphasizing quality and entertainment, turning once austere Channel crossings into cruises.

On the 26 mile (42 kilometer) crossing between Dover and Calais, they are sailing with shuttle regularity.

Five years ago, the ferry services were at a nadir following the Herald of Free Enterprise disaster and the prospect that a tunnel would eventually take away their customers. The boats were old and the crossing was something to be endured. The capsizing of the Herald of Free Enterprise off Zeebrugge in 1987, with the loss of 193 lives, raised questions about lax safety standards. The ship's operator later went out of business.

Now it is the \$1.47 billion tunnel that seems to be in trouble. Plagued by disputes between Eurotunnel PLC, the operator, and Trans Manche Link, the construction consortium, the tunnel will miss its original mid-1993 opening.

A spokesman said full services were unlikely until well into 1994 because of a delay in supplying railway rolling stock. Eurotunnel says it will not meet its period of maximum indebtedness until 1996, at which time train, car-shuttle and freight services should be working at full capacity and producing sufficient revenue to service the debt. The company said that despite the loss of expected revenues next year, the estimated project costs were still well within available funding.

Eurotunnel Cut From FT Index

Agence France-Press

LONDON — Eurotunnel PLC, the company holding the concession for the Channel tunnel, was removed Wednesday from the 100-share Financial Times-Stock Exchange index due to insufficient market capitalization.

The so-called Footsie index, main barometer of the London exchange, consists of the 100 leading issues in terms of capitalization.

Eurotunnel shares closed Wednesday at £3.53 (\$6.47), compared with more than £4.80 in January and more than £11 in 1990. Capitalization needed for Footsie membership is about £1 billion. Eurotunnel is at £255 million.

The delay gave ferry operators the windfall of an entire extra summer season to consolidate market share and put aggressive commercial strategies into place.

Last year, they carried some 27 million passengers. A spokesman for P&O European Ferries said traffic so far this year was up 27 percent over the same period in 1991.

Ferry operators believe that the forging of a single European market will create enough growth in both passenger and freight traffic to keep everybody busy.

Shipping analysts said that because their vessels would be partly amortized, the ferry operators would be able to match any level of fares the tunnel operator decided to set. At the same time, Eurotunnel will be constrained on fare cutting because of its mountain of debt.

"There is life after the tunnel," said a spokesman for Hoverspeed, which last year introduced high-speed catamarans known as Sea-Cats. Driven by water jets, they are capable of carrying up to 450 passengers and 80 automobiles.

The Australian-built SeaCats challenge the one advantage the tunnel has: crossing time. The tunnel promises a 30-minute crossing between Dover and Calais. The Sea-Cats already do it in 35 minutes.

Meanwhile, the ferry operators are whittling away another advantage claimed by the tunnel operators — the ability to leave on the next departure without a booking. Tunnel travelers will put their cars aboard special shuttle trains for the crossing.

By the time the tunnel comes into operation, P&O European Ferries, the largest operator with slightly more than half of the market, and the British-French Sealink partnership will be offering at least

45 daily crossings each way between Dover and Calais, meaning that in all but the busiest periods, travelers should not have long to wait.

The British government recently rejected, on anti-rust grounds, a request by the ferries to operate

joint ticketing and marketing on the Dover-Calais route.

The ferry companies also have the advantage of being able to offer a variety of routes. P&O and Sealink both offer other short Channel crossings, such as Folkestone to Boulogne, while the rival Sully Line

sails between Ramsgate and Boulogne.

Travelers going from northern or western Britain to France or Spain can avoid driving through the crowded southeast of England by

See CHANNEL, Page 13

Microwave Research and Development Inc. advertisement. Includes text: "The undersigned acted as Financial Advisors for Microwave Research and Development Inc." and "S & K SECURITIES, INC. (formerly Standard, Komoditiks & Co., Inc.)"

Corum advertisement. Features an image of a watch and text: "CORUM Maitres Artisans d'Horlogerie SUISSE. The Admiral's Cup — simply one of the most distinctive and elegant sports watches in the world."

Tokyo Pacific Holdings advertisement. Includes text: "Netto vermogenswaarde per aandeel op 200-1992 U.S. \$12.99" and "Genoemd te beurze van Amsterdam"

MARKET DIARY

Prices and Politics Worry Wall Street

NEW YORK — Stock prices slumped Wednesday on concerns about inflation and the declining popularity of President George Bush.

N.Y. Stocks

stock market," said Alfred Goldman, market analyst at A.G. Edwards & Sons. "Bush is sinking, while Ross Perot, an unknown, and Bill Clinton, a Democrat, look to gain ground. This doesn't go over well in a market that's already at historically high valuations."

The Dow Jones industrial average, which lost 34.21 points on Tuesday, fell 26.70 to 3,343.22, and declining issues on the New York Stock Exchange outnumbered gainers by more than 2 to 1. NYSE volume was about 206.48 million shares, up from 190.75 million on Tuesday.

Airline stocks were notably weak and the Dow Jones transportation average fell 25.79 points, to 1,335.01. Morgan Stanley cut airline estimates, citing the recent fare wars. AMR fell 1 1/4 to 63 1/4, Delta rose 1/4 to 57 1/4, UAL fell 2 to 115 1/4 and USAir fell 1/4 to 12 1/4.

Health-care stocks also contributed to the market's slump. U.S. Surgical lost 3/4 to 106 1/4, Critical Care lost 2 1/4 to 37 1/4, Medical Care International fell 2 1/4 to 56 and Bristol-Myers Squibb eased 1/4 to 62 1/4.

The S&P health care index is down more than 16 percent since mid-April, following several disappointing earnings reports.

Inflation concerns came to the fore Wednesday on rumors that the May wholesale-inflation data would show higher price rises than had been expected. So far this year, the core rate of inflation is rising at a rate of 4.9 percent, up from 4.4 percent since early February.

Telefonos de Mexico paced the Big Board actives, down 2 1/2 to 51 1/4. Reports said the telephone company's union was considering selling some of the approximately 4 percent of Telefonos shares it owns, but the union denied the speculation.

Citicorp rose 1/4 to 19 1/4. Citicorp, the largest U.S. banking company, said it would issue about 9.3 million common shares in exchange for certain preferred shares.

Semiconductor stocks were lower after the industry's manufacturing association said orders were down in May from April. The industry's book-to-bill ratio declined to 1.10 from 1.12. This means that for every \$100 worth of products shipped, manufacturers received \$110 worth of new orders.

Intel declined 1/4 to 50 1/4. Motorola fell 1/4 to 38 1/4, Anthem Electronics slumped 1/4 to 36 1/4, and Texas Instruments declined 1/4 to 37 1/4. (UPI, Bloomberg)

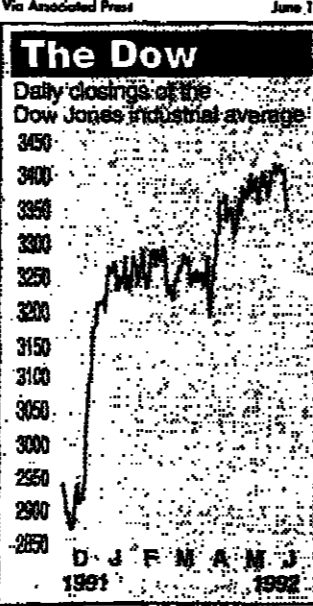


Table titled 'NYSE Most Actives' showing the top 10 most active stocks on the NYSE, including Telefonos de Mexico, Citicorp, and Intel.

Table titled 'AMEX Most Actives' showing the top 10 most active stocks on the AMEX, including Wynn-Bell, Intel, and Motorola.

Table titled 'NYSE Diary' showing a summary of market activity, including advanced, declined, and total issues.

Table titled 'Amex Diary' showing a summary of market activity on the AMEX.

Table titled 'NASDAQ Diary' showing a summary of market activity on the NASDAQ.

Table titled 'Dow Jones Averages' showing various market indices such as Industrials, Utilities, and Finance.

Table titled 'Standard & Poor's Indexes' showing S&P industry and market indices.

Table titled 'NYSE Indexes' showing NYSE industry and market indices.

Table titled 'NASDAQ Indexes' showing NASDAQ industry and market indices.

Table titled 'AMEX Stock Index' showing the AMEX stock index.

Table titled 'Dow Jones Bond Averages' showing various bond market averages.

Table titled 'Market Sales' showing volume and value for various market segments.

Table titled 'NYSE Odd-Lot Trading' showing odd-lot trading statistics.

Table titled 'S&P 100 Index Options' showing options data for the S&P 100 index.

Table titled 'EUROPEAN FUTURES' showing futures prices for various European markets.

Table titled 'Food' showing futures prices for various food commodities.

Table titled 'Metals' showing futures prices for various metals.

Table titled 'Energy' showing futures prices for various energy commodities.

Table titled 'Grains' showing futures prices for various grains.

Table titled 'Cotton' showing futures prices for cotton.

Table titled 'Livestock' showing futures prices for various livestock.

Table titled 'Cattle' showing futures prices for cattle.

Table titled 'Pigs' showing futures prices for pigs.

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U.S. Banks Enjoyed Record Quarter WASHINGTON (AP)—U.S. bank profits soared to a record in the first three months of this year, but regulators said Wednesday that much of the improvement was driven by a decline in interest rates that probably will not last.

The 11,806 commercial banks earned \$7.6 billion in the quarter, up 36 percent from the same period last year, the Federal Deposit Insurance Corp. said. That topped the old quarterly record of \$7.3 billion set in the first quarter of 1989.

Officials, however, warned that many banks continued to be troubled in commercial real estate and recovery would be slow in the Northeast and Southern California.

'Wayne's World' Propels Paramount NEW YORK (Bloomberg)—Paramount Communications Inc. posted Wednesday much-improved second-quarter results with the hit movie "Wayne's World" contributing \$115 million in revenue.

The company reported net income of \$28.3 million, compared with a net loss of \$55 million a year ago, when the company was forced to take a \$35.4 million charge on its motion-picture and television operations.

Paramount is well on the road to a substantial year-to-year improvement in results, said Chairman Martin Davis.

Biodegradable Plastic Enters Market NEW YORK (Reuters)—A bottle made of fully biodegradable plastic will enter commercial use in the United States next month, giving consumers their first alternative to the polyethylene container.

Imperial Chemical Industries PLC of Britain said Wednesday that a new line of shampoo would be sold in bottles made of organic plastic based on agricultural products, known as Biopol.

July Cocoa Falls to 19-Year Low CHICAGO (Bloomberg)—The price of cocoa for delivery in July collapsed Wednesday, falling to a 19-year low, as producers dumped more and more on a market that is already weighed down, analysts said.

July cocoa shed \$36 to close at \$802 a ton after setting a life-of-contract low of \$800 at the Coffee, Sugar & Cocoa Exchange in New York. Since Monday, July cocoa has lost \$56 a ton.

Textron Wants to Sell CWC Unit PROVIDENCE, Rhode Island (AP)—Textron Inc. said Wednesday it wanted to sell its CWC Castings Division, a maker of auto castings and steel castings.

Textron, which bought CWC in 1956, has operations in aerospace technology, commercial products and financial services.

For the Record International Business Machines Corp. filed a suit alleging that Phoenix Computer Associates Inc. sold counterfeit memory cards for the IBM PS/3090 family of mainframe computers.

Chrysler Corp. said when the sale of electric minivans to utility fleets opens in December, it would become the first automaker to offer vehicles powered by either natural gas, flexible fuel or electricity.

McDonnell Douglas Corp. said the Navy authorized production of six AV-8B Harrier II Plus warplanes, which would keep production lines open for three months pending orders from Italy and Spain.

Wang Laboratories Inc. filed a lawsuit against the U.S. units of Mitsubishi Electric Corp. and NMB Semiconductor Co., alleging infringement on two patents for single in-line memory modules.

Texas law-enforcement officials, outraged over "Cop Killer," a song by the rap singer Ice-T, called for a boycott of Warner Brothers Records and Time Warner Inc. One target is Six Flags Over Texas, a Time Warner theme park.

Dollar Unable to Pierce Barrier of 1.60 Marks

NEW YORK — The dollar weakened Wednesday in a retreat that followed its failure to pierce the 1.60 Deutsche mark level in Europe.

The dollar fell to 1.5905 DM in New York, from 1.5920 on Tuesday, and it dropped to 127.450 yen from 127.500, to 1.4500 Swiss francs from 1.4555 and to 5.3525 French francs from 5.3585. The pound rose to \$1.8357 from \$1.8347.

Traders were hesitant to buy the dollar because of uncertainty about the future of the planned European monetary union. If the plan falls apart, the mark is likely to benefit from foreign-exchange markets because of the strong support for the currency from the German central bank.

The strength in the mark weighed on the dollar. Marc Chander of IDEA said, "The ebbs and flows of opinion on European unity, like the Danish rejection of the Maastricht Treaty and uncertainty in the upcoming Irish vote next week, worked against long dollars. So did signs from the Japanese that they want a stronger yen."

"Short-term, however, the momentum indicators show the dollar has scope to rise towards its recent highs, especially given the rumors of stronger-than-expected retail sales Thursday," he said.

In London trading, the dollar was mixed, ending below its best levels of the day after failing to breach 1.60 DM. The dollar rose to 1.5915 DM from 1.5905 on Tuesday, and it advanced to 127.545 yen from 127.400.

Analysts said the dollar was buoyed early in the day by speculation that the May U.S. wholesale inflation figures, to be released Thursday, would be above analysts' expectations. If so, this would throw cold water on persistent talk that a cut in U.S. interest rates is imminent.

"There was a definite feeling this morning that the dollar was going to break higher and a lot of people went long," said a U.S. investment house trader. "But as the day dragged on and the break didn't come, they just got fed up."

UPI: Robertson Withdraws Offer

(Continued from first finance page) ing the past month by injecting \$300,000 for payroll and other expenses.

UPI filed for Chapter 11 bankruptcy court protection in August, its second Chapter 11 filing since 1986, and has been searching without success for a buyer for about 18 months. Its parent, Infotechnology Inc., also sought bankruptcy protection last year.

U.S. FUTURES

Table titled 'Grains' showing futures prices for wheat, corn, and soybeans.

Table titled 'Cotton' showing futures prices for cotton.

Table titled 'Livestock' showing futures prices for cattle, pigs, and hogs.

Table titled 'Cattle' showing futures prices for cattle.

Table titled 'Pigs' showing futures prices for pigs.

Table titled 'Hogs' showing futures prices for hogs.

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Table titled 'Cattle' showing futures prices for cattle.

Table titled 'Pigs' showing futures prices for pigs.

Table titled 'COCA (NYCCO)' showing futures prices for cocoa.

Table titled 'ORANGE JUICE (NYCCO)' showing futures prices for orange juice.

Table titled 'SILVER (COMEX)' showing futures prices for silver.

Table titled 'SOYBEAN MEAL (CBOT)' showing futures prices for soybean meal.

Table titled 'SOYBEAN OIL (CBOT)' showing futures prices for soybean oil.

Table titled 'COPPER (COMEX)' showing futures prices for copper.

Table titled 'PLATINUM (NYMEX)' showing futures prices for platinum.

Table titled 'GOLD (COMEX)' showing futures prices for gold.

Table titled 'HEATING OIL (NYMEX)' showing futures prices for heating oil.

Table titled 'GASOLINE (NYMEX)' showing futures prices for gasoline.

Table titled 'NATURAL GAS (NYMEX)' showing futures prices for natural gas.

Table titled 'CRUDE OIL (NYMEX)' showing futures prices for crude oil.

Table titled 'BRENT CRUDE OIL (ICE)' showing futures prices for Brent crude oil.

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WORLD STOCK MARKETS

Table titled 'WORLD STOCK MARKETS' showing stock market data for various international markets including Amsterdam, Brussels, Frankfurt, London, Madrid, Milan, Montreal, Paris, Singapore, Stockholm, Toronto, Zurich, and Hong Kong.

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Vertical advertisements on the right edge of the page, including 'Racial B...', 'To a £50', 'FARES: A...', 'CHANNE...', and 'NY Wednesday'.

Racal Bounces Back To a £56 Million Profit

Compiled by Our Staff From Dispatches

LONDON — Racal Electronics PLC reported Wednesday a return to profit and set a date to spin off its Chubb security operation to stockholders, meeting a promise made in fighting off a hostile bid last year.

Racal bounced back to a pretax profit of £55.58 million (\$102.3 million) in the year to March 31 after a loss in the previous year of £21.82 million.

Operating profit tripled to £103 million, but was reduced by charges of £41.6 million. Of these, £22.5 million related to costs incurred in spinning off the Vodafone Group PLC mobile-telecommunications unit and in defending against the bid by Williams Holdings PLC. A further £18 million related to provisions for disposals and closures of various businesses in the current financial year, part of Racal's broad restructuring.

Debt was reduced to £121 million, from £225 million a year ago, as a result of the Vodafone spin-off, cutting the debt-to-assets ratio to 19.1 percent, from 35.4 percent.

Racal Electronics' revenue rose slightly, to £1.61 billion.

Racal said prospects for 1992-93 were good, benefiting from cost reduction and profit improvement programs, lower exceptional costs and reduced interest payable.

Share analysts upgraded their forecasts for 1992-93 profit, and the stock rose 5.25 pence to 69.25 pence.

Paul Norris of Barclays de Zoete Wedd said he would be increasing

TI's Bid for Dowty Prevails

Compiled by Our Staff From Dispatches

LONDON — The British engineering company TI Group PLC claimed victory Wednesday in its hostile £520 million (\$970 million) takeover bid for Dowty Group PLC, another engineering and aerospace company.

"This is a merger for growth that creates the second largest engineering company in the U.K. and one of the biggest in Europe," said TI's chairman, Christopher Lewinton.

TI said it had received 55.4 percent of the total Dowty share capital in acceptances from shareholders when the tender closed Wednesday but that there were more to come.

Dowty is the second venerable British engineering company to disappear after a hostile offer within a year. Hawker Siddeley PLC earlier fell victim to the industrial conglomerate BTR PLC.

"We are clearly delighted with the result. Our priority now is to get down to the real task of returning Dowty to its core specialized engineering businesses of aerospace and polymer engineering," Mr. Lewinton said.

Dowty, maker of the landing equipment for the Airbus aircraft, among other things, has spent £150 million over the last five years diversifying unsuccessfully into information technology and other areas.

TI, an acquisitive company that manufactures specialized metal tubing and industrial seals, has said it intends to sell the noncore parts of the Dowty businesses, with an early sale of the company's information-technology unit thought likely.

Analysts said the victory would take TI into the Financial Times-Stock Exchange index of 100 of Britain's leading companies.

With a potential market capitalization of more than £1.5 billion, the company could challenge Rolls-Royce PLC as the biggest of the British engineering groups.

A TI director said it was too early to say if Dowty's current senior management would have a future in the combined new group.

Dowty had been seeking support among institutional investors until the last hours in frantic attempts to remain independent. The company stressed its recovery prospects and had reported better-than-expected annual results.

Last Friday, Dowty announced a pretax profit of £32.7 million for the year to March 31, and said it had seen signs of an improvement in its businesses in the first three months of this year.

"The general view is that they got it for a very good price," said Zafar Khan, engineering analyst at SG Strauss Turnbull, referring to the price TI paid for Dowty. "So the Dowty profits were very good for TI."

The value of the TI bid is dependent on the price of its shares, offered as payment to Dowty shareholders, and on Wednesday it was calculated at around £520 million.

Dowty's common stockholders were offered eight TI shares for each 15 Dowty shares they held. There was a cash alternative of 175 pence a share.

TI's stock initially rose six pence to 356 pence a share before falling back to close 1 penny up at 353, while Dowty's shares closed up 12 pence to 187.

Baring Brothers, the merchant bank acting for TI, said the bid was now declared unconditional. It is expected that trading in the new TI common stock will start Thursday.

(Reuters, AFP)

EC Assails U.S. Threat To Food Exports

BRUSSELS — The EC Commission said Wednesday that U.S. threats to hit European Community exports with prohibitive duties in a dispute over oilseeds were inappropriate, counterproductive and had no legal basis.

"The commission deeply regrets this decision which, if implemented, would seriously affect EC exports to the United States for a whole range of products," the EC executive said.

"It appears from this action that the U.S. is not interested in peace in international trade," an EC official quoted Farm Commissioner Ray MacSharry as saying.

The United States and the Community are still deadlocked over agriculture at crucial negotiations intended to liberalize world trade.

Their dispute over the EC's oilseeds subsidies, which Washington says cut into U.S. exports of soybeans, is a side issue that has soured still further the climate for resolving the bigger conflict.

Wine, Cheese Targeted

Keith Bradsher of The New York Times reported from Washington: The administration, establishing an uncommon link between fine European foods imported for American tables and food shipped to Europe for consumption by livestock, threatened Tuesday to impose prohibitive tariffs on European venison, boudin, brandy, rose wine, snails, Roquefort cheese and other items in retaliation for European restrictions on American soybean exports.

Carla A. Hills, the U.S. trade representative, released a list of \$2 billion worth of annual food imports from Europe and said she intended to impose prohibitive duties on half of them unless the issue was resolved. The duties, which are likely to be 100 percent or more, could make these products cost double or triple in the United States what they now cost.

The list was drafted to include a range of goods from European countries.

European officials on Tuesday said the EC had offered earlier in the day to negotiate limited restrictions on its exports in exchange for a quiet settlement of the issue, and accused the United States of taking unilateral action in a dispute previously handled through talks among diplomats in Geneva.

Exchange	Index	Wednesday Close	Prev. Close	% Change
Amsterdam	CBS Trend	130.40	130.40	Unch.
Brussels	Stock Index	5,948.88	5,959.68	-0.22
Frankfurt	DAX	1,789.76	1,786.20	+0.20
Frankfurt	FAZ	711.83	713.60	-0.25
Helsinki	HEX	783.72	789.82	-1.89
London	Financial Times 30	2,087.30	2,056.60	+0.03
London	FTSE 100	2,636.10	2,635.40	+0.03
Madrid	General Index	250.70	250.20	-0.04
Milan	MIB	948.00	947.00	+0.11
Paris	CAC 40	1,653.70	1,648.23	-0.43
Stockholm	Affarsvarden	1,087.45	1,087.92	-0.04
Vienna	Stock Index	450.07	450.21	-0.03
Zurich	SBS	354.20	357.10	-0.43

Very briefly:

- The Agnelli family, unwinding positions in the aftermath of the Perrier takeover, sold the 1.55 million shares in Compagnie de Suez held by their Exor SA to Nestlé SA, their opponents in the takeover battle, for 496.8 million French francs (\$92.5 million), slightly above the market price.
- Daimler-Benz AG raised its stake in Mercedes-Benz of South Africa to 76.6 percent of the ordinary share capital from 59.1 percent, buying the additional 26.5 percent from the bank Velkosas Investment Ltd.
- Northern Foods PLC, the wholesaler of fresh foods and dairy products, reported that its pretax profit for the year to March 31 had risen 20 percent to £126.2 million (\$230.9 million), as it gained from acquisitions and defied pricing pressure from its supermarket customers.
- Merck AG, the Swiss chemical and pharmaceutical company, said first quarter consolidated sales had risen 11 percent from a year earlier, to 600 million francs (\$412.2 million).
- Deutsche Bank said Western banks would meet in Frankfurt on June 25-26 to discuss with Vnesheobankbank the end-June deadline on a moratorium on principal of debt of the former Soviet Union.
- Deutsche Aerospace AG, Aerospaiale and Alenia will delay their Regiopliner project if Dasa takes a controlling stake in Fokker NV, so that Fokker's F70 can be developed first, Dasa's director-general, Jochen Schaffler, said in a newspaper interview.

Bourse Sets Schneider Investigation

PARIS — The regulatory commission overseeing the operations of the Paris Bourse said Wednesday it would open an investigation into trading in Schneider SA shares.

Schneider shares fell sharply on Tuesday after the company held a meeting with financial analysts and later said 1992 net profit may be as low as 300 million francs (\$56 million).

This would be an improvement over the 275 million franc profit for 1991, which reflected heavy losses at the Spa-Batignolles plant, but would be a far cry from its more typical 500 million franc profit in 1990.

Schneider's share slide continued on Wednesday, when it closed 1 franc lower at 682.

FARES: Europeans Join Battle

(Continued from first finance page)

The main argument against the three principal airlines is that they might emerge victorious from the fare wars as an oligopoly fixing prices at a higher level, but Mr. Murphy doubted that could happen with continued slack demand in a slack economy.

John Pincavage, an investment banker with Transportation Group, pointed out that the airline year was usually split into two — the summer months of heavy tourism when airlines generally make money on high cash flow, and the winter months when airlines hibernate on their fat and keep flying.

But because the slow U.S. economic recovery will affect not only vacation travel this summer but business travel in the winter, he said the fate of the weaker airlines is growing increasingly precarious.

Classes of fares cutting business fares and stabilizing advance purchase tariffs for vacationers. Other lines responded with still lower fares. American struck back with half-price fares for its cheapest seats, which its rivals felt they had to match.

All this drained profits, and no analyst would dare predict whether the rush for half-price tickets would put the airlines into the black during the summer. Then came the transatlantic fare wars this week.

Although no airline analyst would speculate on the outcome of the court cases, Kevin Murphy of Morgan Stanley said the uncertainty of the outcome would itself make U.S. airline stocks even more unattractive.

Parretti Backer Asks Protection From Creditors

AFP-Extel News

GENEVA — Sasea Holding AG, which backed Giancarlo Parretti's disastrous \$1.3 billion acquisition of MGM, said Wednesday that it had filed for protection from creditors to allow it to restructure its debt.

The move is partly the result of "problems regarding the operations of MGM due to the financial situation of that company," Sasea said. Mr. Parretti was ousted last year by Crédit Lyonnais, which had lent him hundreds of millions of dollars and has taken control of the troubled studio.

Sasea said the filing would allow it to propose to its creditors payments proportionate to their exposure. Sasea said it had already cut debt by selling its main real estate unit, Scott Finanziaria SpA.

Peltz and May Likely to Buy Retailer

MADRID — Nelson Peltz, the former chairman of Moundleigh Group PLC, along with his associate Peter May, are the most likely candidates to buy the collapsed British real estate company's Spanish retailing subsidiary, a spokesman for Galerias Preciados SA said Wednesday.

"Everything points to Nelson Peltz and Peter May," the spokesman said. "I don't think there have been any other offers."

In November 1989, Mr. Peltz and Mr. May bought a 22 percent stake in Moundleigh and became its top officers. Previously, they had been chairman and president, respectively, of Triangle Industries Inc., whose U.S. packaging operations were acquired by Pechiney SA of France.

Mr. Peltz and Mr. May, who were censured by the stock exchange for improper dealings in Moundleigh shares, left their executive positions at Moundleigh last year and sold half their stake to the Gordon Getty Trust.

Moundleigh entered receivership last month with debt of £500 million (\$916.50 million) after it missed an interest payment.

BROKERS: Survival of the Fit

(Continued from first finance page)

made foreign investors among the few bulls during the two-and-a-half-year slide in Tokyo equities, most portfolio managers have achieved adequate weightings and have little need to increase their exposure to Japanese equities, analysts said.

A source at a leading foreign brokerage firm played down the competitive threat. "We're not sitting still," he said, noting that arbitrage techniques were constantly being refined.

There are signs, however, that the advantages the big foreign brokerages enjoy may be waning. Analysts said the Big Four have narrowed the gap in arbitrage techniques.

Nomura, for example, ranked second only to Morgan Stanley in arbitrage turnover on the Osaka Stock Exchange between January and March this year. Nikko boosted its commission income from futures and options trading by 18 percent in the latest financial year, to 10.2 billion yen (\$80.4 million).

The Ministry of Finance, worried that foreign dominance of arbitrage trading was whipsawing the markets, has also been clamping down. It raised commissions and shortened trading hours on the futures exchange in Osaka. Some also suspect a snap audit of Morgan Stanley earlier this year was at best an attempt to chill arbitrage activity, and at worst a way of spying on the company's trading techniques.

"The authorities would like to see the derivatives market slow down and go back to being a plain-vanilla type of activity," Mr. Treadwell said.

Foreign interest in the market, another key source of revenue to overseas securities houses, may also be tapering off. Although the chance to snap up relatively cheap stocks

CHANNEL: Life at the End of the Tunnel for Ferries

(Continued from first finance page)

and the increase of its passenger capacity by 500 to 1,825.

By the time the tunnel opens, the company will have 24 ships on Channel and North Sea crossings, including five on the Dover-Calais route. "We are ready now to take on the tunnel," a spokesman said.

The P & O passenger-shiping interests reported a profit of £149.8 million (\$81.7 million) last year, which, despite the recession, was up from £131.7 million in 1990.

Analysts say the real competition is more likely to be among the ferry operators.

The British partner in the Sealink consortium, which was acquired by the Göteborg-based Stena line in 1990, recently trimmed its personnel from 6,000 to just over 4,000 in a bid to turn around a £30 million loss last year.

The consortium operates 12 ships on Channel and North Sea routes.

The companies also are seeking the loyalty of truck drivers by introducing special freight ferries with first-class service.

Meanwhile, a Russian concern has expressed interest in developing Channel services using surface-skimming seaplanes that could, in theory, carry up to 400 passengers and 250 tons of freight. A prototype aircraft, known to the North Atlantic Treaty Organization as the Caspian Sea Monster, was developed as a military transport.

In theory, the craft could cut the western Channel crossing to 10 minutes from six hours. The large amount of shipping would make it difficult to assign routes to such an unorthodox craft.

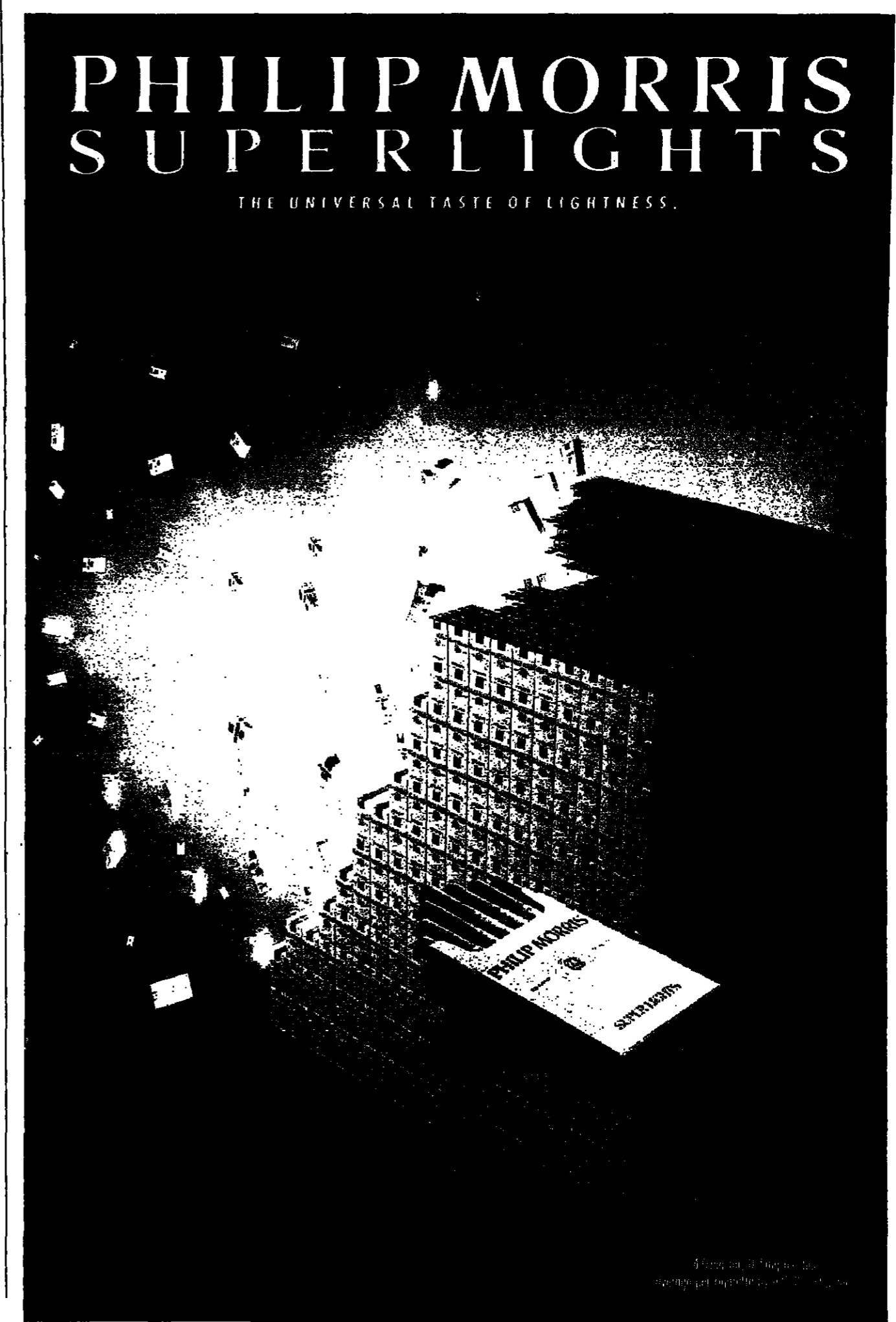
NYSE Wednesday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press (Continued)

Stock	Div. Yield	52-Week High	52-Week Low	Change
IBM	4.8%	140	110	+1.5
Microsoft	0%	75	45	+2.0
Apple	0%	45	30	+1.0
Oracle	0%	35	25	+0.5
Lucent	4.0%	25	18	+0.2
Motorola	3.5%	20	15	+0.1
Intel	0%	15	10	+0.3
Compaq	0%	12	8	+0.1
HP	3.0%	10	7	+0.1
Novell	0%	8	6	+0.1
Unisys	4.0%	7	5	+0.1
PerkinElmer	3.0%	6	4	+0.1
Amgen	2.0%	5	4	+0.1
Boehringer	2.5%	4	3	+0.1
Amgen	2.0%	3	2	+0.1
Amgen	2.0%	2	1	+0.1

Stock	Div. Yield	52-Week High	52-Week Low	Change
Merck	3.0%	45	35	+0.5
Novartis	2.5%	35	25	+0.2
Roche	2.0%	25	18	+0.1
Novartis	2.5%	18	13	+0.1
Novartis	2.5%	13	10	+0.1
Novartis	2.5%	10	8	+0.1
Novartis	2.5%	8	6	+0.1
Novartis	2.5%	6	5	+0.1
Novartis	2.5%	5	4	+0.1
Novartis	2.5%	4	3	+0.1
Novartis	2.5%	3	2	+0.1
Novartis	2.5%	2	1	+0.1

Stock	Div. Yield	52-Week High	52-Week Low	Change
Novartis	2.5%	1	0.8	+0.1
Novartis	2.5%	0.8	0.6	+0.1
Novartis	2.5%	0.6	0.5	+0.1
Novartis	2.5%	0.5	0.4	+0.1
Novartis	2.5%	0.4	0.3	+0.1
Novartis	2.5%	0.3	0.2	+0.1
Novartis	2.5%	0.2	0.1	+0.1
Novartis	2.5%	0.1	0.0	+0.1
Novartis	2.5%	0.0	0.0	+0.1
Novartis	2.5%	0.0	0.0	+0.1
Novartis	2.5%	0.0	0.0	+0.1
Novartis	2.5%	0.0	0.0	+0.1



China Kills A Slogan On Reform

Reuters
 BEIJING—In the face of worker opposition, China appears to be backing away from the harsh economic reforms needed to shake up state industries, according to a press report received here Wednesday.

The government has stopped talking about "smashing the three irons," or ending the system of job security and welfare benefits that has kept China stable, although it has bankruited the nation's industries, the Liaoning Daily said in a front-page report.

The reason is that some workers fear for their livelihood, it said.

In China, slogans are used to whip up public support and are rarely dropped unless a policy changes.

The three irons are iron rice bowls, or guaranteed jobs; iron salaries, or fixed wages; and iron armchairs, or lifelong official positions.

The newspaper, the official organ of the northeast province that is home to much of China's heavy industry, said changing the slogan had affected the pace of reform.

Factory managers in the province have been beaten up and attacked by disgruntled workers, earlier reports said.

The Liaoning paper's admission that the "smashing the three irons" phrase will no longer be prominently used shows the difficulty of shaking up inefficient, loss-making state industries, analysts said.

"What's the reason for not talking about smashing the three irons now?" the newspaper asked a provincial official.

The official, from the Commission on Restructuring the Economy, said: "Smashing the three irons... has a direct relationship with every worker's personal benefit."

4 Trust Banks Downgraded

Moody's Cites Asset Deterioration in Japan

Compiled by Our Staff From Dispatches
 TOKYO—Moody's Investors Service lowered its credit ratings on four leading Japanese trust banks on Wednesday, citing asset deterioration, competition and the weak state of the country's financial markets.

About \$5 billion of debt, as well as deposit ratings, were affected by the downgrades of Mitsubishi Trust & Banking Corp., Sumitomo Trust & Banking Co., Toyo Trust & Banking Co. and Yasuda Trust & Banking Co.

The trust banks function like commercial banks, collecting deposits and making loans. But they also are allowed to manage assets such as pension funds for their clients. With Japanese stock and real estate values tumbling, the fees collected by the banks for managing these assets have plunged.

All four banks suffered declines in consolidated pretax earnings of more than 20 percent in the latest year. Sumitomo incurred the sharpest fall, 38 percent. Sumitomo and Yasuda have forecast rebounds in profit for the current year, although Mitsubishi and Toyo have projected further declines.

A downgrade by a major credit-rating agency such as U.S.-based Moody's raises the cost of borrowing in the bond markets. For banks, it can affect the willingness of other institutions to lend them money.

Credit for Japanese trust banks had already been cut, said Regan Nanbara, a money market trader at National Bank of Canada in Tokyo. The trust banks' cost of borrowing short-term money will rise as a result, Mr. Nanbara said, as the banks find it harder to get institutions to lend to them, putting further pressure on their profit margins.

Other observers, however, said they did not expect the downgrade to cause much harm to the banks. Kenji Furusawa, a money market economist at Fuji Bank, noted that the Japanese market was not highly sensitive to credit ratings.

Brian Waterhouse, an analyst at James Capel & Co., added: "It wasn't an unexpected move."

Mitsubishi and Sumitomo, the two biggest trust banks in Japan, had their long-term ratings lowered to A2, an upper-medium-grade rating, from A1. The A category is for debt with adequate security that may be susceptible to impairment in the future, and the downgrade moved the two banks to the middle from the top of that class.

The rating of Yasuda, an affiliate of Fuji Bank that is ranked fourth among the trust banks, was similarly downgraded to A3, the bottom of the category, from A2.

Fifth-ranked Toyo, an affiliate of Sanwa Bank Ltd. and Sakura Bank Ltd., saw its rating cut by two notches to A3 from A1. It is now at the same level as the No. 3-ranked Mitsui Trust & Banking Co. was placed in March, when its rating was cut from A2.

(Bloomberg, AFP)

Toyota Denies Slashing Its Profit Forecast 34%

Compiled by Our Staff From Dispatches
 TOKYO—Toyota Motor Corp. denied Wednesday a Japanese news report that it had revised its current profit forecast for the year to June 30 to 380 billion yen (\$2.99 billion), which would represent a year-on-year decline of 34 percent.

The Nihon Keizai newspaper, Japan's leading economic daily, said the largest automaker had lowered its forecast for current profit from an earlier projection of 400 billion yen, due to slowing sales and higher operating and depreciation expenses. The newspaper did not cite sources.

A Toyota spokesman also denied the newspaper's claim that poor sales of Toyota's popular Corolla model, as well as sales of higher-priced models like the Crown sedan, would push sales down to 8.95 trillion yen, compared with the 9.00 trillion yen estimate announced by the company earlier this year.

The company declined to comment, however, on the newspaper's projection that Toyota's current profit would fall by another 8 percent in financial 1992, ending in June 1992, to 350 billion yen on sales of 9.3 trillion yen.

If true, the fall would represent the first time in Toyota's history that profits declined for three consecutive years, analysts said.

"Things are bad, but they're not that bad," said Koji Endo, automobile analyst at S.G. Warburg Securities Japan.

However, company spokesmen and industry sources said the major Japanese carmakers were finding it difficult to achieve their projected sales targets in calendar 1992.

Toyota has not yet revised its December forecast for domestic vehicle sales at 2.46 million in 1992, up 4.4 percent from a year earlier, but might marginally revise down its forecast in July or August in view of persistently poor domestic demand, a Toyota spokesman said.

In May, Honda Motor Co. said it had lowered its forecast of domestic sales to 670,000 in 1992, down from a January forecast of 680,000, against 678,684 a year ago. Also in May, Mazda Motor Corp. lowered its forecast of 1992 domestic sales to 580,000 from a January forecast of 680,000, against 555,769 a year ago.

(Bloomberg, Reuters)

Investor's Asia		
Exchange	Index	Wednesday Prev. Close
Hong Kong Hang Seng	6000	5,977.50
Singapore Straits Times	1800	1,514.41
Tokyo Nikkei 225	2500	1,742.82
Hong Kong Hang Seng	6000	5,940.19
Singapore Straits Times	1800	1,482.11
Tokyo Nikkei 225	2500	1,674.50
Kuala Lumpur Composite	300	1,745.04
Bangkok SET	600	684.47
Seoul Composite Stock	300	561.78
Taipei Weighted Price	4,000	4,526.65
Manila Composite	1,500	1,568.25
Jakarta Stock Index	N.A.	323.07
New Zealand NZSE-40	1,500	1,529.99
Bombay National Index	1,000	1,389.09

NTT Envisages Overseas Listing for Its Stock

Reuters
 TOKYO—Nippon Telegraph & Telephone Corp. wants to list its shares on overseas stock markets when non-Japanese are allowed to buy NTT shares, the company president said Wednesday.

"NTT should list its shares on the New York or London bourse, and, when we do, we will embark on an advertising campaign to promote NTT shares," said the executive, Masashi Kojima.

In May, Japan's legislature passed a bill that will allow non-Japanese to own up to 20 percent of NTT's stock. The government has not pinpointed the date it will allow non-Japanese to start buying NTT shares, but the date should be decided in about two months, Mr. Kojima said.

NTT is Japan's largest telecommunications carrier. The government began its selling shares to the public in 1985 but NTT is still 65.94 percent state-owned.

Its share price hit a record high of 3.18 million yen (\$25,000) on the Tokyo Stock Exchange in April 1987 and dived to a record low of 590,000 yen this past April. NTT shares ended trade at 609,000 yen on Wednesday, down 11,000.

The share price has plunged in line with a sharp fall in the entire Tokyo market and because of fiercer competition with deregulation of Japan's telecommunications industry.

Much pressure has been put on NTT to boost its share price and revitalize the stagnating Tokyo stock market, Mr. Kojima said.

"But there are limitations to what NTT alone can do to improve the situation," he said.

Mr. Kojima denied a local newspaper report that NTT had decided to give incentives to its shareholders. Nihon Keizai Shimbun reported Wednesday that NTT was planning to distribute prepaid telephone cards to stockholders and give them discounts on telephone charges. "Legally it would be possible for us to do that, but frankly it won't have enough effect," Mr. Kojima said.

Japan Is Firm On Rice Policy

Reuters
 TOKYO—Japan unveiled a farm policy for the coming century on Wednesday that offered no concessions on rice imports.

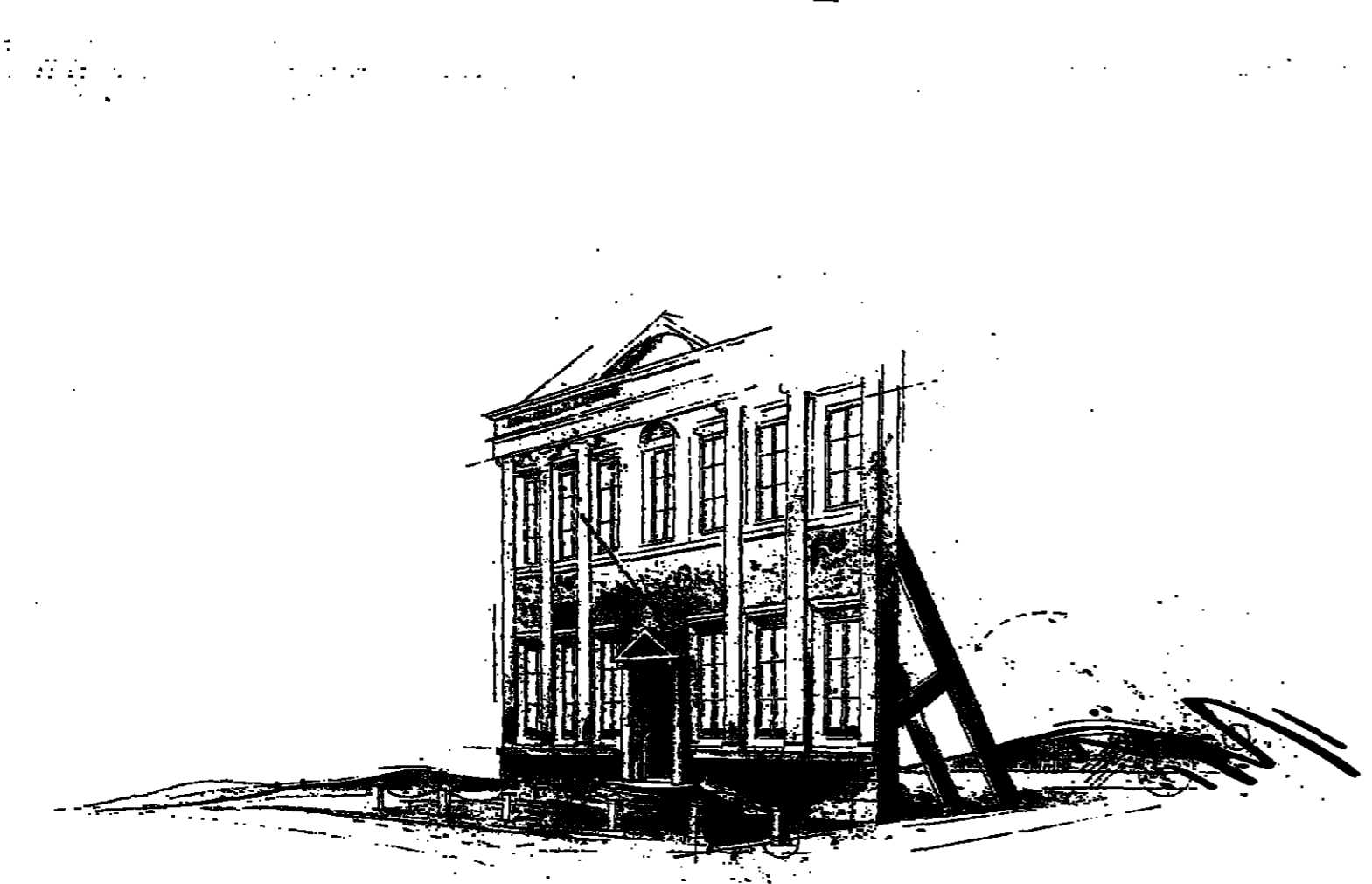
Rice sufficiency is considered a matter of national security, an argument Japan has repeatedly made in response to world pressure to open its import markets.

Under the plan put forward by the Ministry of Agriculture, farms would be supported financially and smaller farmers encouraged to join larger groups. Japan consumes about 10 million metric tons of rice a year, but bans imports.

Very briefly:

- Seiko Epson Co. plans to halt production of laptop computers in Singapore because of growing competition from Taiwan and South Korean computer makers, and focus on printers and circuit boards.
- Westpac Banking Corp. is negotiating to sell its exposure to R.H. Macy & Co. and to companies in the Maxwell group; a press report put the Maxwell exposure at 100 million Australian dollars (\$76 million) and the Macy exposure at up to 80 million dollars.
- Toshiba Corp. said it had developed a robot system capable of resetting ocelloscopes at an average speed of one every 20 minutes, about the same time taken by skilled workers.
- NHK, Japan's public broadcasting service, unveiled a 40 inch (102 cm) television screen only 3 inches (80 mm) thick for which Oki Electric Industry Co., Dai Nippon Printing Co. and Matsushita Electric Industrial Co. have developed technology.
- Nippon Steel Co. is discussing the possibility of helping Wahan Steel Co. of China double its silicon steel capacity to 200,000 tons a year.
- Bank Negara's governor, Jaffar Hussein, was quoted as saying that foreign insurers may be required to allow 30 percent equity participation by ethnic Malays and 40 percent other Malaysian capital ownership.
- Sumitomo Metal Mining Co. said it had discovered another rich gold vein at its Hishikari gold mine near Kagoshima in southern Japan.
- Sanwa Bank Ltd. and Citibank will be co-lead managers for a 200 million ringgit (\$80 million) loan to Malaysia's Lina group.
- The Indian government set up a special court to try cases relating to the stock scandal that has rocked the markets and banking system.

Up front, most banks look like solid business partners.



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Just because it says it's a bank on the impressive facade doesn't necessarily guarantee that you're always dealing with a reliable business partner.

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Our financial base represents US\$ 242.7 billion in assets and US\$ 9 billion in shareholders' equity, placing us among the world's top twenty banks. Moreover, our bank comfortably meets the capital adequacy ratio set by BIS and EC.

Our goal is long-term relations with our clients, which explains why we've been in South America more than 75 years, in the Far East

for over 150 years. What's more, our associates know that they can rely on us as business partners not only in good times, but also when the going gets tough.

Take our branches in Lebanon, for example, which since they opened their doors in 1954 have only been shut for 20 days. Needless to say, that presupposes really committed staff. But even more significant is the fact that you'll be working with a bank which looks further ahead than tomorrow. Or even the day after tomorrow.

CREATING THE STANDARD IN BANKING.

ABN-AMRO Bank

Hanoi Is Said to Select Five Groups To Develop Big Offshore Oil Field

Agence France-Press
 HANOI—Vietnam has chosen a shortlist of five foreign groups, three of them led by Japanese trading houses, to develop one of its largest offshore oil fields, industry sources said Wednesday.

But the final selection may be delayed until the end of the year to give U.S. oil companies—currently sidelined by a trade embargo—a chance to participate in the development of the Dai Hung field, a Vietnamese political source said.

The five groups short-listed by the state oil company PetroVietnam are Sumitomo Corp., teamed with Total of France; Nissho-Iwai Corp., teamed with Japanese Petroleum Exploration Corp.; Indonesia Petroleum Ltd.; Marubeni Corp. with Norsk-Hydro A/S of Norway; and Canadian Occidental Petroleum Corp., the sources said.

Other groups seeking to participate are a consortium of eight of South Korea's biggest companies, led by the state-owned Petroleum Exploration & Development Co.; and Australia's BHP Petroleum, backed by Deminor of Germany and Petronas Carigali of Malaysia.

PetroVietnam has notified the five groups that they will be invited to participate in the final round of bidding for the Dai Hung project, which is estimated to be worth more than \$1 billion.

Nine groups bid in the first round in February. Among those eliminated were industry giants British Petroleum and Dutch-based Shell, though officials from both companies said they had been informed they were out of the running.

Vietnamese officials have estimated that Dai Hung contains up to 600 million barrels of oil, which would make it Vietnam's largest known field, though foreign oil executives say not enough data are available to precisely estimate reserves.

The winning group will pump oil in partnership with the Vietnamese-Russian joint venture Viet-SovPetro, which struck oil at Dai Hung last year but lacks the financing, technology and expertise to develop the difficult field.

Dai Hung lies under about 95 meters (320 feet) of water some 280 kilometers (175 miles) off the southern Vietnam coast, more than twice as far, and as deep, as Vietnam's other major field, Bach Ho.

The selection of a foreign partner appears to have become highly politicized, however, as Vietnam uses the lure of Dai Hung to encourage the United States to roll back its 17-year-old economic embargo as fast as possible.

"We're delaying this for a bit to sound out the Americans," said a senior Vietnamese political source of the final Dai Hung decision. "We want to have multilateral relations."

Taiwan Will Tighten Money Supply, Restrict Lending to Battle Inflation

Reuters
 TAIPEI—Taiwan's central bank on Wednesday announced a package of measures to fight inflation by reducing money supply growth and restricting real estate loans.

Unsecured loans for purchases of property will be temporarily prohibited, the central bank said. It did not say when they would be resumed.

New deposits in the postal system will be transferred to the State Bank of Taiwan starting Thursday, giving authorities more control over liquidity. A central bank official said new postal deposits totaled about 20 billion Taiwan dollars (\$800 million) a month.

The central bank said it would also investigate banks making "excessive" loans and ask them to reduce their lending.

"We are seriously concerned about inflation," said the central bank governor, Samuel Shieh. The central bank would step up operations in the domestic money market to absorb excess liquidity, he said, but indicated that he did not want to engineer an across-the-board rise in local lending rates.

"These measures will not raise costs to banks and so we expect the current level of interest rates can be maintained," Mr. Shieh said.

Consumer price inflation, boosted by rapid economic growth, was 6.10 percent in the year to May.

The government has set a target for 1992 of an average inflation rate of 3.5 percent. Private economists say the target will be impossible to meet.

Taiwan's short-term interest rates have risen sharply this week in response to central bank operations to tighten liquidity in the money market, pushing the Taiwan dollar to record highs against the U.S. dollar.

The local currency closed at a new record of 24.7290 against the U.S. dollar on Wednesday.

The central bank has tried to resist appreciation, fearing it could slow Taiwan's export boom, but private bankers said the authorities had been forced to allow the Taiwan dollar to rise in order to fight inflation.

Technology From China
 Taiwan's economic ministry has drawn up guidelines on technology transfers from China in a bid to upgrade the island's industrial development, Vice Economic Minister Yang Shih-chien said Wednesday, according to an Agence France-Press dispatch from Taipei.

"Introduction of mainland technology would help the island's enterprises elevate their manufacturing know-how," Mr. Yang told reporters.

Under the guidelines, Taiwan's state-run and private-owned enterprises could recruit science and technology specialists from the mainland on a selective basis, he noted.

China Invests in Lippo Unit

Bloomberg Business News
 HONG KONG—Lippo Ltd., a Hong Kong financial-services unit of Lippo Group of Indonesia that is on the prowl for acquisitions, said Wednesday it would sell new shares worth 118.5 million Hong Kong dollars (\$15.3 million) to a Chinese-government-owned company.

China Resources (Holdings), one of China's biggest concerns in Hong Kong, is to buy 53.8 million Lippo shares at 2.20 dollars each. It now owns 5 million Lippo shares, and the deal will raise its stake to 5.6 percent after a separate, open offer of 480 million shares to current stockholders. Lippo stock rose 10 cents, to 2.65 dollars, on Wednesday.

Lippo also said the Riady family of Indonesia, which controls the Lippo Group, would pay 400 million dollars for a note that can be converted into Lippo shares at 2.20 dollars each. If fully converted and if the full open offer is taken up, the Riady's Lippo Cayman Ltd. would own 64.9 percent of Lippo Ltd., up from 62.2 percent now.

Lippo said the funds would enhance its ability to make acquisitions and it was discussing possible deals. In February, it gave up a bid to buy the Hong Kong unit of Bank of Credit & Commerce International.

ATV Lays Off 120 In Production Cut

Agence France-Press
 HONG KONG—Hong Kong's Asia Television Ltd. Wednesday laid off 120 members of the production program staff, pointing out that an internal report had questioned the output of the department.

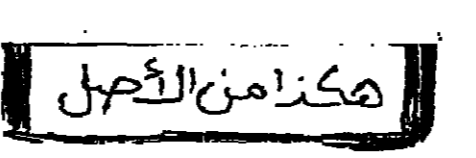
An ATV spokesman said the report showed that an average of 1,200 hours of programs were made last year by the production staff.

This is the second major shakeup in less than a week in ATV's bid to regain viewers from rival television broadcaster TVB. The spokesman said he expected no further firings.

NASDAQ
 Wednesday's
 NASDAQ Market
 The NASDAQ market is a market for securities that are not listed on the New York Stock Exchange. It is a market for securities that are traded electronically.

Market Summary
 NYSE: 1,234,567
 NASDAQ: 876,543
 S&P 500: 2,345,678
 Dow Jones: 3,456,789

Market News
 The market was volatile today, with significant fluctuations in several key sectors. Analysts predict continued volatility in the coming weeks.



SPORTS EURO 92

Sweden Holds France to Tie in Opening Match

By Rob Hughes
International Herald Tribune

STOCKHOLM — Firecrackers shattered the night calm of this friendly city Wednesday night after Sweden held France to a 1-1 draw in the opening match of the European Championship.

A tie is a customary enough start to major soccer tournament, but what was surprising was the way the Swedes muscled the French toward the brink of defeat, proving more the more athletic team and often higher on discipline and morale.

So why did France escape with a point? Simple. Leave Jean-Pierre Papin with a wide open goal to attack and you pay the price. When Papin, the latest multi-million dollar acquisition by AC Milan, punished loose defending with his right-footed scoring shot an hour into the match it was a bolt from the blue struck by a finisher.

Up to then, Sweden had a grip on this match that suggests France has not the flair and panache to fulfill its promise to go all the way in this eight-team contest. Stefan Schwarz and Jonas Thern, two of the Swedes playing abroad, provided the platform with dominant, hungry midfield power.

Both were shown yellow cards for the ruggedness of their tackles, but they squeezed the lifeblood out of France. France's own creator in midfield, Franck Sauzeau, had neither the touch to outwit them nor the support to stimulate rhythm.

Yet, in the beginning, the French had struted, their winger from Auxerre, Pascal Vahirua, had danced and many thought, ah yes, the French have such class. Slowly, as the sun went down way past 8:30 P.M., the wheel turned. The yellow Swedish tide began to ripple forward, especially down the right flank, where Klas Ingegnass appeared to have too much vigor and speed for the veteran French skipper, Manuel Amoros.

And down the center Kennet Andersson, big and blond though not very polished, harassed France into conceding two corners. The second was turned into a Swedish goal, a woeful French surrender.

As the ball was dipped toward the near post, Ingegnass made a dummy run to entice Bernard Casoni out of position. Jan Eriksson was lurking nearby and when he made his move, Sauzeau was at fault in not marking tightly. The result was a gift, a "free" headed goal from seven meters.

It was the second time the 6 foot, 1 inch (1.8-meter) Eriksson had scored for his nation, this one coming in his 20th match. From his face, it was the moment of a lifetime, and from the crowd which their team was the underdog, it was an awakening.

Now Sweden became the men of the hour, and the French chased around like frustrated boys. Angolma was cautioned for a foul on Limpar that betrayed the flawed French temperament, and had Ingegnass scored with two rushed chances early in the second half it is doubtful that the French would ever have recaptured their nerve.

But he missed, first with a wild shot, then with a header too close to goalkeeper Bruno Martini. And then came the hour of that man Papin. JPP, as he is affectionately known, was a quiet, almost anonymous figure, a wounded one because of an ankle that had been injured for three weeks.

The quieter he is, the more dangerous it is to leave him unguarded. Joachim Bjorklund, an inexperienced defender of 20 and the nephew of Sweden's team manager, Tommy Svensson, committed the cardinal sin.

He forgot to dog Papin's every step and when Christian Perz floated an angled ball from the left, there was Papin. He headed the ball downfield, he allowed goalie Thomas Ravelli to advance toward him, then with a sure kick of his



Jean-Pierre Papin, who scored the tying goal for France, was knocked down by Roland Nilsson as Jan Eriksson, who had scored first for Sweden, looked back to see if a penalty had been called.

right foot he shot the ball untouched wide of Ravelli.

The 21st goal in Papin's 36th appearance for France saved the day for his team. It justified a half-time substitution by the manager, Michel Platini, that brought on Perz instead of Vahirua, and it bought France a little time to consider how fortunate it was to have survived a lesson in organization from a team which, skill for skill, expected to be outclassed.

The teams: SWEDEN (formation 4-4-2) — Ravelli; R.Nilsson, Eriksson, P.Andersson, Bjorklund; Ingegnass, Schwarz, Thern, Limpar; K.Andersson (73rd minute, Dahlin), Broin.

FRANCE (5-2-3) — Martini; Angolma (66th minute, Fernandez), Boli, Blanc, Casoni, Amoros; Sauzeau, Deschamps; Cantona, Papin, Vahirua (46th minute, Perz).

Scorers: Eriksson 24th minute, 1-0; Papin 60th minute, 1-1. Yellow cards — France: Angolma (35th minute), Cantona (53rd minute); Sweden: Schwarz (40th minute), Thern (67th minute).

Virtual Sell-Out Assured
The European Championship will be a virtual sell-out, organizers

said Wednesday before the opening match between Sweden and France, Reuters reported from Stockholm.

The Swedish Football Federation's general secretary, Christer Olsson, said that about 10,000 tickets had been returned by the eight nations participating in the tournament but that most would be re-sold.

"We will sell at least 95 percent of the tickets," he said. "Our original projections were to sell about 85 percent."

Olsson said some returned tickets would not be re-sold for security reasons because organizers wanted to avoid seating rival fans together.

Forged Pound Notes
Swedish police have warned banks and currency exchange bureaus in Malmo to watch for English soccer fans trying to change forged British bank notes, Reuters reported.

Police arrested two fans Wednesday on suspicion of changing forged notes for Swedish kronor in Malmo, where England plays its

first match, against Denmark on Thursday.

The two new, in their early 20s and from Newcastle in northeast England, were caught with the help of English police, a Malmo police spokesman, Lars Hakansson, said.

Other English fans said they understood the two had a quantity of forged £5 notes as well as a fake credit card.

AS Roma announced Wednesday it has signed Serbian midfielder Sasa Mijatovic, paying Red Star Belgrade a transfer fee of about 9 billion lire (\$7.5 million), The Associated Press reported.

The 23-year-old player, who will get \$660,000 a season under a three-year contract, will arrive in Rome on Thursday to undergo medical examinations.

German defender Stefan Reuter, 25, who played for Juventus last season, has signed a four-year contract with Borussia Dortmund, officials said Wednesday. The amount of the transfer fee was not disclosed.

Cheap Beer and Chaperons: Sweden's Big Party Begins

By Ian Thomsen
International Herald Tribune

STOCKHOLM — Their voices preceded them down the hall of the subway station. The first sounds of a looming storm? The first match was four hours away. Rounding the corner they came into view, singing in praise of Sweden, arms linking each other, four teenage, crewcut boys in the blue-and-yellow jerseys of Sweden. They walked to the end of the waiting ramp, trailed no less than 10 meters by three policemen outfitted proudly in urban battle uniform.

Two of the officers followed them into the front car. As the train pulled away, the policemen were standing in the doorways flanking the four youths, who sat suddenly quiet on facing benches like kids on their first school field trip. The officers were posed like mannequins from a war museum.

They wore padded navy jump suits. A square radio microphone was strapped to the shoulder, a white helmet strapped to the belt. There was a billy club dangling from one hip and a sheathed weapon hanging from the other. Black gloves were tucked into the belt. A large green bag was fastened at the belt in back. How long does it take to get dressed for work in the morning?

The 17-day final in the European Championship of soccer began here Wednesday night when the French national team took on Sweden's. The Swedes, amid great national debate, have invested \$35 million in police security for this tournament. When four bedazzled teenagers enter a subway, they are followed by officers prepped for riot. At each stop, they step halfway out of the train, peering through a window into the adjoining car. Leaving the station, such fans as appear to pose a threat are then to be followed to Rasunda Stadium by teams of plainclothes officers.

The Swedes had anxiously awaited this debut for many years. With more than 3,200 journalists covering tournament sites in Norrkoping, Malmo, Gothenburg and here in the capital, this has become the largest sporting event in the nation's history.

It also is an invitation to hooligans from England, Germany and the Netherlands, but the Swedes are appealing to the brighter side. On an open field in the northeast section of the city, they have erected a series of white tents, where draft beer sells for 20 Swedish kronor, a bargain in this country.

English authorities fear that alcohol only induces violence, but the Swedes expect youths to remain at the tents, where they can't tear up anything but the grass. Let them drink themselves silly here. The area is equipped with a stage for rock bands, barbeque and sandwich stands, risque T-shirt stands, pinball machines and video games, dartboards, a mechanical bull and a Velcro pit.

On Tuesday night, the eve of the tournament, these last two were getting the most attention.

Although it does appear a bit naive to imagine that people who have come to fight will suddenly prefer to put on a suit of Velcro and somersault themselves onto a subway wall with a running leap. Sure, they lie suspended against the wall upside down until they peel off, but the rewards of this can wear thin after awhile.

Of course, this is all new for the Swedes, who were invited to this party because they own the keys to the stadiums. They have yet to properly qualify for one of these finals. Yet it has become fashionable to predict that they will advance to the semifinals from their round-robin grouping of France, England and Denmark, helped along by the home-field advantage. Although some members of the national team play fulltime outside the country, Malmo is the only all-professional club in Sweden.

The Swedes, amid great national debate, have invested \$35 million in police security for what has become the largest sporting event in the nation's history.

The players on the other teams work half-days at other jobs. The national team's manager, Tommy Svensson, 47, is a former primary school teacher.

And how much is the home-field advantage worth? Something, at least. When the World Cup was held here in 1958, the Swedes advanced to the final at the same Rasunda Stadium, where they were drubbed, 5-2, by Brazil and its 17-year-old star Pele.

This time the stadium has been surrounded at its periphery by chain-link fencing, topped sharply along the top. The crowd of arriving spectators must stuff itself through narrow security checkpoints to enter the grounds. Inside, the typical barbed wire fencing surrounds the pitch.

Amidling on the streets outside, waiting for the gates to open as scheduled three hours before the match, three Frenchmen wearing face paint and curly tufts of white, red and blue hair gathered in front of television screens and lead a rousing chorus of their national anthem. It reminds many of the scene in Casablanca — including, one supposes, the tall knobby-kneed singer in the red wig. In crescendo, a blue tear falls from the corner of his eye.

As far as could be seen, the tournament was going to open happily. Once the matches began, of course, the betting windows on violence would be closed. The matches take on personalities of their own. As the players ready to take the field, the Swedish fans formed a rousing, noisy wave around their stadium, and the authorities braced themselves. After this, only 16 more days of fearful joy.

BOOKS

COTE D'AZUR: Inventing the French Riviera

By Mary Blume. 208 pages. Illustrated. £14.95. Thames and Hudson, 30-34 Bloomsbury Street, London.

Reviewed by John Rockwell

MARY Blume has concocted, rather like one of those elegant lazy lunches served by her interviewer and aristocrats on a sun-washed Mediterranean veranda, an anecdotal book, a little of delicious this and that. It's mostly nostalgia — for lifestyles perhaps defunct but still more glamorous, more elegant, more sensuous than the lawdry touristy trek of Riviera life today.

At one point, in one of the aphoristic observations that dot her text, Blume informs us that nostalgia is "pain made pleasant." Maybe, but more often it's merely wistful memory, sweet but sometimes inconsequential. Blume's book is like that, too, but as she keeps reminding us, idle pleasure is no sin.

Blume, who for more than 25 years has portrayed the well-known and the lesser-known in a series of lively interviews for the International Herald Tribune, has shaped her book into a story. That story has its heroes, its villains and its amiable loonies. Blume chronicles the rise of the Côte d'Azur as, first, a winter retreat for rich foreigners — it got its highly marketable brand name, the "azur coast," from the French poet Stephen Liégard in 1887.

Her book is framed with a double portrait of Nice and its longtime mayor Jacques Médecin, who incorporated the city's pride, flamboyance and easy corruption. It ends with the preposterously and, even, cruelly self-involved Americans Henry and Marie Clewes, who between the wars built a Euro Disneyish villa near Cannes and retreated from not only the modern world but also from personal responsibility. For Blume, the Clewes symbolize the hedonism and self-delusion of the Riviera's very rich, and her ending, some of the best writing in the book, makes the symbolism explicit.

Basically, however, her tale is a fairly straightforward chronology. She writes of the first English winter settlers in Nice; the Belle Epoque charms of Cannes and Monte Carlo; the burst of energy in the 1920s, with what she calls a truly stimulating blend of artists and society idlers; the rise of the summer season (only possible after tanning became fashionable) and of Villefranche and Cap d'Antibes; the compromises and horror of collaboration during World War II; the fabled return to gaiety after 1945; the institutionalization of Monaco — a place she seems to hate as much as she loves; the commercialization of Cannes and Saint-Tropez; and indeed the entire coast, and the inexorable onslaught of the touristic hordes, middle-class and worse.

Blume disapproves of the snobishness of her rich and titled and socially adept subjects, but can't help fixating on them: For her, they are what makes the Côte

d'Azur worth bothering with. "Their lives," she writes of the locals, "became incidental to the history of the place and totally without consequence, except to themselves." A page later she quotes aptly, providing a descriptive passage by Fernand Braudel, the doyen of the Annales school of French historians, who recast history into the study of the very common folk she so resolutely ignores.

Perhaps she's correct in assuming that pool-side summer loungers care more for Isadora Duncan and Coco Chanel and the Aga Khan and Scott Fitzgerald and Somerset Maugham, Niki de Camille and the Duke of Windsor and Colette and Brigitte Bardot and Princess Grace than for some anonymous Nijois street vendor. But like the fashionably thin society dames who crop up here, the bones — in this case, Blume's file-card collection of anecdotes — sometimes show through. Too often, a mention or an allusion must stand for a genuinely literary depiction.

Still, if you take this book for what it is and don't try to bully it into something it isn't, it makes an amusing read. And the photographs — starting with the wonderfully misty, sumptuous and sensuous cover — add mightily to the hedonistic pleasure. They nudge this bestiary of the grand, the fashionable, the rich, the arty and the idle from mere nostalgia toward touching social history.

John Rockwell is the Paris-based European cultural correspondent for The New York Times.

BRIDGE

By Alan Truscott

ON the diagramed deal South brought off an outrageous swindle to bring home a game contract. His opening one-club bid was artificial and his forcing and his ace-spade ruff was forcing. He seemed headed for four spades, which cannot be made after an opening diamond lead, but diverged into three no-trump.

The defense could have taken the first five heart tricks, but West led the diamond king, guided by his partner's double for the artificial bid of one diamond. This reprieve was not enough for South, who could count just eight tricks after winning with the ace.

Leading a diamond to establish a ninth trick was sure to provoke a decisive heart shift, so South brazenly led the heart queen. This had the desired effect, for West won with the ace and led his remaining diamond. East won and could not read the situation. He played a third round of diamonds to establish his remaining diamonds, and South claimed his contract.

NORTH (D)
♠ 9 8 4 3
♥ 10 9 8
♦ J 10 9
♣ J 4 3

WEST
♠ 10 8 5
♥ A J 5 3 2
♦ K 7
♣ 7 5 2

EAST
♠ K Q
♥ K 7 6 4
♦ Q 8 6 5 4 3
♣ 10

SOUTH
♠ A J 7 2
♥ Q 2
♦ A K Q 9 8 6
♣ A

Neither side was vulnerable. The bidding:
North Pass East Pass South Pass West Pass
1 ♠ Pass 1 ♠ Pass
2 ♠ Pass 3 ♠ Pass
3 ♠ Pass 3 N.T. Pass
Pass Pass

West led the diamond king.

DOONESBURY



DENNIS THE MENACE



JUMBLE

Unscramble these four Jumbles. Use the letters in the boxes to form four ordinary words.

LOFOR
IRROP
RITHY
FRUOH

ANSWER: MAKE IT

BLONDIE



WIZARD of ID



REX MORGAN



GARFIELD



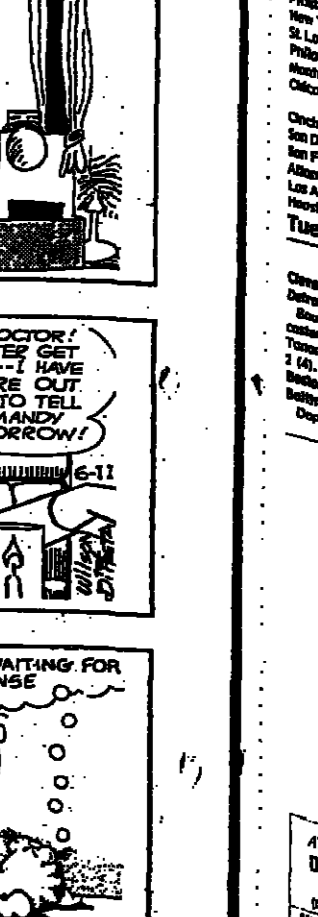
CALVIN AND HOBBES



BEETLE BAILEY



PEANUTS



SPC
NEW YORK
IAAF
OF U.S.
SCOREBO
Major League Standings
AMERICAN LEAGUE
East Division
Toronto 41
Detroit 38
Cleveland 37
Boston 36
New York 35
Chicago 34
Kansas City 33
Seattle 32
California 31

West Division
Los Angeles 42
San Francisco 39
Oakland 38
Houston 37
Pittsburgh 36
St. Louis 35
Philadelphia 34
Cincinnati 33
Milwaukee 32
Chicago 31

NATIONAL LEAGUE
East Division
Pittsburgh 43
New York 42
St. Louis 41
Philadelphia 40
Cincinnati 39
Milwaukee 38
Chicago 37
Houston 36
Cleveland 35
San Francisco 34

West Division
Los Angeles 44
San Diego 43
San Francisco 42
Los Angeles 41
Houston 40
Cincinnati 39
Chicago 38
St. Louis 37
Cleveland 36
Pittsburgh 35

Tuesday's Line Score
Cleveland 6
Detroit 3
Boston 2
New York 1
Chicago 0
Kansas City 0
Seattle 0
California 0

AMERICAN LEAGUE
Detroit 6
Boston 3
New York 2
Chicago 1
Kansas City 0
Seattle 0
California 0

NATIONAL LEAGUE
Pittsburgh 7
New York 6
St. Louis 5
Philadelphia 4
Cincinnati 3
Milwaukee 2
Chicago 1
Houston 0
Cleveland 0
San Francisco 0

AT&T USA Direct® Service
DIAL ACCESS NUMBERS
1-800-4-A-TELEPHONE
1-800-4-A-TELEPHONE
1-800-4-A-TELEPHONE

مکان العمل

SPORTS BASEBALL

The Message: Send Money, No Japanese

By George Vecsey
New York Times Service

NEW YORK — Major league baseball has shown an uncommon steamship in permitting a Japanese millionaire to invest a considerable amount of his money franchise.

The influx of \$75 million from Hiroshi Yamauchi of Nintendo Corp. will help keep the Mariners in the Pacific Northwest, and without any foreign influence. What a deal.

Commissioner Fay Vincent and the owners are not in unanimity on all matters.

Vantage Point

A few impetuous home-grown owners have apparently failed to move some of Vincent's power over to Richard Ravitch, who was brought in to handle the owners' most important business, which is labor negotiations.

Still, Vincent and all the owners seem to agree: Japanese money is O.K., but Japanese presence is not O.K.

This is the first time baseball has permitted ownership from outside North America, but the sport of Turner and Bruce and Autry will remain safe and strong and insular. "This venture is not going to be controlled outside North America," Vincent reassured an anxious public Tuesday. "This venture is going to be controlled in Seattle."

If Yamauchi, president of Nintendo Co. Ltd. of Kyoto, was ever allowed to attend the inner councils of baseball, he would surely be polite and discreet.

If somebody asked his opinion, he just might point out that management and labor have a common stake in this lucrative field of sports and entertainment, and that there should be plenty of money to go around, if everybody works hard and cooperates and doesn't treat the other side like a class enemy. We hear this is how it works in large Japanese industries.

Cooperation, however, is a disturbing concept that owners and player associations (except for the National Basketball Association) do not want to hear, which is why the NBA is going to be the first truly international professional sports league, during David Stern's regime.

They are already playing league games in Tokyo, and sending the Big Team to the Summer Games in Barcelona and running a nifty tournament in Europe every October. Stay tuned for the ultimate big league.

YAMAUCHI'S status is very much like that of another owner who may be neither seen nor heard. This other owner is also of the absentee variety, by the name of George Steinbrenner, residing in Tampa, Florida, and owning the New York Yankees, but still banned from running the team after being caught consorting with an admitted gambler two years ago.

Some time soon, Steinbrenner is expected to be reinstated by Vincent, probably at the start of next season, which means we should all experience a kinder and gentler Yankee Stadium while we still have the chance.

Because he holds a U.S. passport, George is ultimately safe and acceptable, even though he has his own bizarre way of dealing with failure.

Sometimes when the Yankees lost a big game, he would insist that his general manager be confined to quarters for the evening. If a trade went sour, he would blame his "baseball people." If a runner was thrown out at home, Steinbrenner would hector his third-base coach in front of national television.

Steinbrenner believed in making his employees fall on their swords, or his sword. We need more owners like him.

IAAF Threatens Ban Of U.S. Track Team

By Michael Janofsky
New York Times Service

NEW YORK — The world governing body for track and field has declared ineligible all 200 athletes who competed in the Kazuo Mizuno Invitational last Saturday in San Francisco, a meet in which Butch Reynolds won the 400 meters in 44.98 seconds to qualify for the U.S. Olympic trials starting next week in New Orleans.

Implied that it would take even stronger action for the trials, the International Amateur Athletic Federation threatened Tuesday night to disqualify the entire U.S. Olympic track and field team from the Barcelona Games if Reynolds is allowed to compete.

Reynolds, the 400-meter world record holder who has been competing in the United States despite a two-year suspension for drug use, responded by vowing that he would continue his fight to run in Barcelona, although he said he would confer with his lawyers about whether to run in a meet Wednesday night in Holmdel, New Jersey.

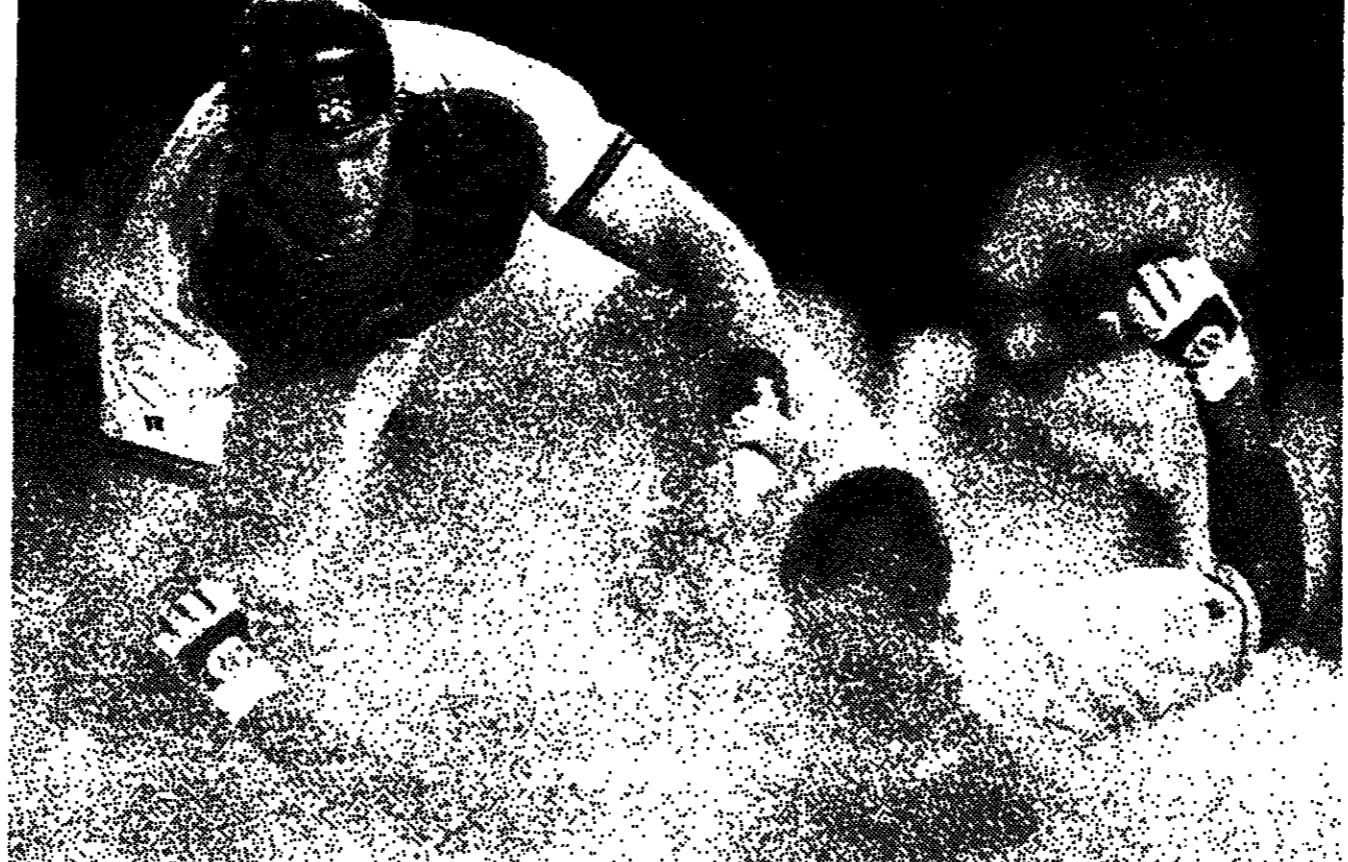
Reynolds was suspended by the IAAF after testing positive for an anabolic steroid after a meet in Monte Carlo on Aug. 12, 1990. He has steadfastly denied ever using performance-enhancing drugs and twice has persuaded a federal court judge in Columbus, Ohio, his hometown, to grant a temporary restraining order allowing him to run in the United States.

After granting the second injunction on Monday, Judge Joseph P. Kinzry Jr. set a hearing date of June 18 for Reynolds to return to seek another order that would allow him to compete in the trials.

But with his latest declaration, the IAAF has used the ultimate threat in trying either to dissuade Reynolds from competing or to have the U.S. Olympic Committee disqualify him.

In a statement issued from its London headquarters, the IAAF said it would "not accept Reynolds' participation in Barcelona whether conceded by any American court or by any eventual qualification as a result of his domestic competition in the United States."

The IAAF said it planned to no-



Tony Pena slid under catcher Chris Hoiles' tag to score Boston's fourth run during the eighth inning of the game in Baltimore.

Red Sox Bam-Bam Pops Jays Into 1st

Compiled by Our Staff From Dispatches

For the first seven innings, one Boston batter reached first base. Then, in the eighth, the first six made it, four runs scored and the Red Sox whipped the Baltimore Orioles, 4-1, at Oriole Park.

The deluge, which matched Boston's biggest inning this season, cost the Orioles first place in the American League East, Toronto moving a game in front in an incredible early season race that now has stretched to 40 days without more than a game between them.

The Baltimore starter, Jose Mesa, threw only 81 pitches in seven innings, allowed one hit, walked none and induced 16 outs on infield grounders. He left when the first two batters singled in the eighth and wound up a loser for the sixth time in eight decisions.

This game, John Dopper matched him zero for zero for 7 1/2 innings, yielding four hits and one walk. He got 15 of his 22 outs on infield grounders. Then the third reliever, Jeff Reardon, survived a ninth-inning double to post save 340, one shy of Rollie Fingers' major league record.

If the eighth inning was a nightmare for Mesa, it was a time of relief for Boston's Tom Brunsy. He was ordered to bunt after singles by Mike Greenwell and Ellis Burks sent Mesa to the showers. Brunsy failed twice against Todd Frowthorpe's submarine deliveries, fanned off a third pitch, then lined an O-2 offering into left-center for an RBI double.

"I was in major trouble," Brunsy said. Tony Pena, whose third-inning single was Boston's only previous hit, chopped a bouncer down the line at third and Burks scored when Frowthorpe couldn't field the ball.

Scott Cooper followed with the fifth straight hit, a grounder up the middle that brought Brunsy's home with the third run. Then Jody Reed rapped a grounder to shortstop Cal Ripken, whose throw to the plate was high and Pena scored.

Although there were still no outs, the Orioles escaped further trouble.

"It all came kind of quick," Brunsy said. "We hadn't really hit a ball hard, then bam-bam-bam. It was good to break the ice."

Chris Hoiles, leading off the bot-

tom of the eighth, homered into the left field seats.

Then Reardon came on in the ninth and was tagged for back-to-back singles by Randy Milligan and Joe Orsulak. But after falling behind, 2-0, to Leo Gomez, Reardon fanned both him and Hoiles, then retired Chito Martinez on a grounder to drop the Orioles into second place for at least a day.

Blue Jays 2, Yankees 1: In New York, Candy Maldonado became only the fifth player to homer into the center-field bleachers since Yankee Stadium reopened in 1976, then ended a seventh-inning tie with a two-out double as Toronto won.

Indians 6, Tigers 1: Glenallen Hill had two homers for Cleveland and Denis Boucher hit the Tigers to three hits for eight shutout-innings in Detroit.

Athletics 6, Brewers 1: Oakland got 15 hits while Kevin Campbell, in his first major league start, was holding the Brewers to one over six innings in Milwaukee.

White Sox 4, Angels 2: In Chicago, Frank Thomas got three hits, one a homer, and drove in three runs as California lost its fifth straight.

Twins 4, Royals 2: In Kansas City, Kent Hrbek hit his 250th major league homer and Minnesota's Bill Krueger held the Royals to four hits for eight innings to run his record to 6-0.

Mariners 2, Rangers 1: Dave Fleming, a rookie, won his ninth straight and Timo Lerner hit a two-run double in the seventh in Arlington, Texas, as Seattle ended a four-game losing streak.

Suspension Protested: The Players Association, on behalf of Yankees relief pitcher Steve Howe, filed a grievance Tuesday against major league baseball, arguing that Howe's indefinite suspension by Commissioner Fay Vincent was without just cause. The New York Times reported.

The grievance is expected to be heard by an arbitrator, George Nicolau, and a hearing date must be set within five days.

SIDELINES

First Horses, Now Betting in China

HONG KONG (AFP) — Betting will be allowed at the next two horse-race meetings in the southern city of Guangzhou, the Wen Wei Po newspaper said Wednesday, even though gambling is officially outlawed in China.

In April, the first officially sanctioned horse races since the Communists took power in 1949 proved very popular in Guangzhou. Organizers expect that 900,000 yuan (\$155,200) will be wagered each meeting, the newspaper said, with 60 percent returned as "prizes" and the rest going to charity.

For the Record

Marco Giovannetti won Wednesday's uphill 18th stage of the Tour of Italy, edging fellow Italian Massimiliano Lelli and overall leader Miguel Indurain of Spain by a few seconds at the finish in Mondovio in the western Alps.

Brian Satter, fired last month as coach of the NHL St. Louis Blues, was named coach of the Boston Bruins a day after the Bruins fired Rick Bowness.

Li E. Tee, the Kentucky Derby winner, underwent arthroscopic surgery in Louisville, Kentucky, to have bone chips removed from his front ankle; he is expected to recover with no lasting problems.

Scott Norwood, the Buffalo Bills' all-time leading scorer with 670 points, was placed on waivers; he had been the NFL team's place kicker since 1985.

Vincent Survives 'Putsch' By 2 Owners, Chief Aide

New York Times Service

NEW YORK — Richard Ravitch, the owners' chief labor executive, and two club owners failed last week in an attempt to induce Commissioner Fay Vincent to relinquish a large portion of his power by giving up his role in major league baseball's labor relations.

Vincent angrily rebuffed the move in an owners' meeting last week, people on the management side of baseball said Tuesday.

The clash, labeled "the putsch that failed" by one member of baseball management, comes at a time when Vincent has been under attack from a small group of critics, mostly in the American League.

The two owners who joined Ravitch, who has been mentioned as a possible successor to Vincent as a commissioner, are Jerry Reinsdorf of the Chicago White Sox and Bud Selig of the Milwaukee Brewers.

Reinsdorf has been Vincent's foremost critic, and most recently was at odds with him over the proposed sale of the Seattle Mariners to a Japanese-led group.

In trying to remove Vincent from labor relations, the Ravitch-Reinsdorf-Selig group wanted to make sure he could not intrude on its negotiating strategy.

The collective bargaining agreement with the players can be reopened in December, and union officials have told players to expect the owners to reopen.

Arazi to Run Wednesday In Palace Stakes at Ascot

Compiled by Our Staff From Dispatches

LONDON — Arazi, the 2-year-old champion who failed in his bid to win the Kentucky Derby, will return to racing next Tuesday in the St. James's Palace Stakes at Ascot.

Weeks of speculation about the Francois Bonin-trained colt's next race ended Wednesday when Anthony Stood, the racing manager for Sheikh Mohammed al Maktoum of Dubai, one of the colt's owners, announced that Arazi would run in the mile (1.6-kilometer) stakes.

He will be ridden by Steve Cahen. Arazi, campaigned primarily in France, finished a disappointing eighth in the May 2 Derby at Churchill Downs. He had won the Breeders' Cup Juvenile at Churchill Downs on Nov. 2, so impressively that he was voted the top 2-year-old in North America off that one race.

He then had knee surgery, however, and came to Kentucky with just one mile-long prep this year. The race at Ascot will be his first in Britain.

Except for the two U.S. starts, all his other racing has been done in France. (AP, Reuters)

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE				
Team	W	L	Pct.	GB
Toronto	34	22	.607	0
Baltimore	24	22	.522	10
Boston	29	26	.524	10
Seattle	28	29	.491	13
New York	28	29	.491	13
Detroit	25	32	.438	16 1/2
Cleveland	23	35	.397	18
NATIONAL LEAGUE				
Team	W	L	Pct.	GB
Pittsburgh	32	25	.561	0
New York	29	28	.509	3
St. Louis	29	28	.509	3
Palm Beach	28	29	.491	4
Los Angeles	25	32	.438	7
Chicago	23	35	.397	9
West Division				
Cincinnati	28	24	.538	0
San Diego	27	25	.519	1
Philadelphia	27	25	.519	1
Atlanta	27	25	.519	1
Los Angeles	23	31	.431	6 1/2
Seattle	23	34	.404	10
San Francisco	22	34	.393	10 1/2

Today's Line Scores

AMERICAN LEAGUE				
Team	Score	Opponent	Score	Result
Cleveland	5-3	Los Angeles	3-1	W
Boston	6-2	San Diego	2-1	W
Seattle	5-3	San Francisco	3-1	W
Detroit	5-3	Los Angeles	3-1	W
New York	5-3	San Francisco	3-1	W
Los Angeles	5-3	San Francisco	3-1	W
Seattle	5-3	San Francisco	3-1	W
Detroit	5-3	Los Angeles	3-1	W
New York	5-3	San Francisco	3-1	W
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Detroit	5-3	Los Angeles	3-1	W
New York	5-3	San Francisco	3-1	W
Los Angeles	5-3	San Francisco	3-1	W
Seattle	5-3	San Francisco	3-1	W
Detroit	5-3	Los Angeles	3-1	W
New York	5-3	San Francisco	3-1	W
Los Angeles	5-3	San Francisco	3-1	W
Seattle	5-3	San Francisco	3-1	W
Detroit	5-3	Los Angeles	3-1	W
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Seattle	5-3	San Francisco	3-1	W
Detroit	5-3	Los Angeles	3-1	W
New York	5-3	San Francisco	3-1	W
Los Angeles	5-3	San Francisco	3-1	W
Seattle	5-3	San Francisco	3-1	W
Detroit	5-3	Los Angeles	3-1	W
New York	5-3	San Francisco		

ART BUCHWALD

Owl and the President

NEW YORK — It hasn't received much publicity, but one night last week at midnight a rare spotted owl was seen sitting on the branch of a tree overlooking the president's bedroom.



Buchwald

our cover-up story when the press asks why we violated the law? "We'll blame it on Democratic politics. I'll bet Bill Clinton has killed a dozen spotted owls in his lifetime."

The press spokesman announced, "I just received a memo from Bill Reilly, our EPA man in Rio. He says that the U.S. has become the villain of the conference and if we don't sign a treaty — any treaty — we're going to be in deep spotted owl droppings."

One of the president's handlers asked, "How did the owl get into the tree in the first place? Spotted owls live outside the Beltway."

Quayle said, "Ross Perot could have flown the bird in on his private plane. I don't trust him any more than I trust an endangered snail darter."

The press spokesman yelled, "Of course! It's another Ross Perot dirty trick. He's counting on us to kill the spotted owl so that his managers, Ham Jordan and Ed Rollins, can claim we don't care about rare species that prevent us from getting a jump-start on the nation's economy."

A White House adviser said, "I don't think we should decide what to do about the owl until we talk to the president."

"We can't wake him. He's going dolphin fishing in Maine the first thing in the morning."

Judge Rejects NEA Law

NEW YORK — A federal judge in Los Angeles has rejected a law requiring the National Endowment for the Arts to "take into consideration general standards of decency" when making grants.

When the judge, A. Wallace Tashima, ruled in a lawsuit brought by four solo performance artists, said the law violated the First Amendment because it was too vague and broadly worded.

The "decency" standard was the basis of a compromise two years ago that ended a long congressional debate over whether to extend the life of the arts endowment. But while placating conservatives, the provision became a red flag for many artists who denounced it as government intrusion into their work.

Japan's Otaku: Leave Us Kids Alone!

By Christine Chapman

TOKYO — You can't pick them out in a crowd unless they're wearing their Ultraman costumes or carrying a Barbie doll or a plastic Godzilla. It doesn't really matter — most are harmless. But you could be in trouble if they address you as otaku, an unfriendly form of "you," as in "Hey you!"



Hachiro Taku, the "Trendy Otaku" author, turned out to be a would-be actor.

The otaku zoku, the "you tribe," also known as the "home tribe," since the Chinese character is the same for both words describes a subterranean sect that intends to separate itself from the rest of us.

In a 1991 video film, "Graffiti of the Otaku Generation," from Osaka's Gainax Productions, a couple of them, fangs intentionally blurred, spoke out. A pump man in a dark room piled high with video films conceded, "I am 31 years old and I've been an otaku for 15 years. I don't watch videos; I'm just making the perfect collection."

An office worker interviewed at his desk confessed: "I've been an animation otaku for 13 years. At university I belonged to the club otaku join: comics, animation, science fiction, mahjong. Lolita, student uniforms — especially sailor suits worn by girls — and Godzilla. Other members and I discussed animated television characters until late at night. That period was the most precious time of my life."

Today the otaku are surfacing, very reluctantly, in videos, in books like Ota Publishing's 1991 "Ikasu Otaku Tengoku" (Trendy Otaku Paradise), in popular magazines and on television variety shows.

The public tries to keep its distance. The otaku are weirdos, freaks, nerds, anti-social, anthropophobic, addicts of popular and passé fads. Who or what was Godzilla's mate? Where did the Bay City Rollers tour in Japan 20 years ago? How many angels can dance on the head of a modern? High school teachers call them "wandering bats." Sociologists and psychologists describe them as the decadent tag end of the century, an emotionless by-product of a society that also makes solid gold toilets as education. But employers consider them wizards for their fluency with computer technology.

Loners, they plug into the computer network to make byte-size contact with others like them up and down the country. As the May Tokyo Journal magazine reports, they use code names like Zero, Batman and Kojak and indulge in ferreting out errors occurring in the information pouring out of their consoles. They peer at computer bulletin boards to find hard-to-get porn and violence videos. If they are not students, they work as software designers and computer artists, engineers,

editors. They relax by designing code-cracking programs and then hack into a company's mainframe for some secret info or when a certain record will be released or what the singer's bra size is. Nothing is too insignificant to titillate the otaku.

"A real otakkie won't talk to humans," said Kaori Usugi, 28, a computer design specialist, using their nickname. Her colleague, she said, is an otaku computer whiz who frequents video shops and carries comic books in his briefcase. "He says he finds true peace in staring at a screen."

Jun Kurumisawa, a computer artist and a 1982 graduate of the prestigious Tokyo University of Fine Arts and Music, stared at his screen, watching the video of otaku confessors, and explained: "I am not otaku, but I know artists who are influenced by them and their obsession with two-dimensional television animation. The computer screen is their canvas, and mine."

Kurumisawa began his career as an oil painter until he turned his one-room studio into a center for animated cartoons and computer graphics.

"Unlike artists who sell their graphics through the computer network or in exhibitions, the real otaku don't want to be seen or identified," he said. "The motivation for their interests in sci-fi and cartoons is childish. They analyze animated special effects with such intensity that it becomes an otakkie treasure like their toy monsters. There are people with no relation to this society. They're seeking a way out."

The origin of the otaku generation is murky and somewhat sinister. They are an offshoot of the mid-1980s shujinru, the "new human breed" that distanced itself from obligations but reveled in being outgoing brand-name consumers.

"Change society," a pre-otaku university student echoed, amazed at the question. "It is not my business. But to know what is going on is one of my duties. The media have been good friends since birth and I breathe with them."

In 1989, the otaku became notorious when a reclusive man, Tsutomu Miyazaki, 27, was arrested for kidnapping and killing

four children. Life in his cell-like room revolved around watching a collection of thousands of videos, including slash and porn flicks. He worked as a printer, prowled through comic book shops and video game centers, and only felt at ease talking with children. Others he addressed rudely as "otaku."

The horror and outrage that resulted from the incident accounts greatly for otaku anonymity.

But there was an exception: Hachiro Taku, an unkempt, 29-year-old television personality with long hair, silver-rimmed glasses and either a school uniform or a safari jacket and jeans. He was proudly otaku and carried his toys around in a shabby paper bag, squeaked when he talked and signed autographs for squealing girls and otaku guys who bought 30,000 copies of his book, "Trendy Otaku Paradise," which went into four printings from October 1991 until March 1992.

By now everyone knows that Taku is no otaku but a would-be actor named Morihiro Yano. His bizarre on-screen behavior was surpassed by his real-life penchant for getting even with his critics. At the moment he is under legal scrutiny for harassment. Exposed in scandal magazines as a pseudo-otakkie, Taku has dropped into otakkie limbo.

"He's no longer in fashion," said the trend-spotter Satsuki Kawada, 26. "Like most otakgies he lives now like ordinary people."

Why does a nice, clean, safe country like Japan with supposedly homogeneous youth have the otaku problem? A computer response might offer: 1. the post-industrial society? 2. the education system? 3. the media? 4. the Americans!

Tamotsu Sengoku, 63, an expert on youth problems, wrote a study comparing Japanese youth with their international counterparts four years ago. As a former adviser in the prime minister's office and now the director of the Japan Youth Research Institute, he found that Japanese young people "lacked a social spirit and disliked playing with friends."

"They all have otaku characteristics," he said. "They say, 'I'm not a stereotype.' They want to be different so they develop an obsession with something that sets them apart. Our society has shifted from a manufacturing to a consumer society and it's important to be different because different is better."

"I don't think the otaku zoku are temporary. It's not a fad but deeply rooted in our nature. Japanese tend to regard human relations as ideal, individualistic and detached. It's the individuality that otakgies look for in an identity. They are content and not mentally sick. A little unhealthy perhaps. Many Japanese believe that since being otaku is nonproductive, it's not normal."

Would he want his daughter to marry an otakkie? He grimaced: "It's not such a good idea."

Christine Chapman is a Tokyo-based journalist who specializes in the arts.

PEOPLE

Broadway Cattle Call, With a Fashion Twist

It was a Broadway cattle call with a Seventh Avenue twist. All the performers at the Supper Club in the Edison Hotel had more in common than stage-struck dreams. They all work in the fashion industry. May McFadden did an Indian love dance. Randolph Duke sang, then found that he and Carolina Herrera could do a mean tango together. Arnold Scasi and Bob Mackie shuffled with the chorus line as more than 250 would-be performers tried out for the Fashion Follies, a benefit show, to be presented Nov. 9 at the St. James Theater.

Sir Edmund Hillary, who conquered Mount Everest 39 years ago, is now making something of a career defending the summit from crowds. "A few weeks ago, 32 people stood on the summit in one day," he said. "What's happening to the sense of remoteness and adventure? Tenzing and I didn't have to jostle anyone." Hillary, 72, who danced the tango with McFadden, was the first to climb to the summit of the world's highest mountain on May 29, 1953. In a British expedition, Tenzing died in 1986. "There is now such activity on the mountain that a great deal of rubbish and junk is left there," Hillary said. Hillary, who lives in Auckland, New Zealand, made the remarks in London on the publication of the English edition of a book of photographs of Everest, the Himalayas and Nepal.

The Patagonia Trading Co. which got worldwide publicity when Vice President Dan Quayle bought its anatomically correct South American Indian doll in front of the international press corps in Chile two years ago, has made, at the request of a mischievous American businessman, 1,000 "anatomically correct" Dan Quayle dolls.

A Welsh film, "One Full Moon," took the Golden Dolphin award Wednesday for best film in the eighth edition of the Trois Film Festival in Lisbon. Director Emilio Estevez's film, shot in Wales, picked up awards for Ashley Rowe's photography and actress Bettina Lward's portrayal in the film, which focuses on an ex-convict's haunted memories. Best actor award went to Gisle Hvalderson for his part in the Icelandic film "Children of Nature."

INTERNATIONAL CLASSIFIED Appears on Page 6

The Global Newspaper Edited and Published in Paris London, Zurich, New York, Singapore, The Hague, Moscow, New Delhi, Rio de Janeiro, Tokyo



President George Bush

Veltsin S

By Michael D... MOSCOW — President Boris Yeltsin set the stage Thursday for a summit meeting of a Russian presidential American by... George Bush for deep... In an interview... Yeltsin said he was... ahead as rapidly as possible... economic and political... more than seven... Washington on... Mr. Yeltsin was... when it was still...

Balanced Budget

WASHINGTON — A budget amendment to the plan supporting... deficit but when... The vote... send the measure to the... lobbying and... General News Ross Perot urged a ban on... cogn lobbying. Page 10

Leisure

Gene's Colombo... than a world's fair... Waver reports on the old... area. Pages 10-



Worried Offers St

By Frank Swoboda and Helen Dewar WASHINGTON — Organ... to limit its ability to... Congress will restrict the... prominent replacement work... contract disputes. The proposal by the AFL-CIO... represents the first time that... to strike since passage of... National Labor Relations... more than half a century ago. The compromise also reflects... degree of labor's desperation as... struggles to win support in... great for protection against per... President Ronald Reagan replace... August 1981. Recently, Caterpill... the heavy equipment maker, use... threat of permanent replaceme... to force the United Auto Work... to end a five-month strike and... without a contract. Under the proposal introduced... Wednesday by Senator Bob Pa... wood, Republican of Oregon, e... players and unions would be ask... to submit all unresolved issues t... last-finding panel appointed by...

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